

2012/2013 ANNUAL REPORT



COMMITTED TO BUILDING A
Better Environment
BY EXAMPLE

"IEUA is fortunate to have a talented, diverse, and experienced team of employees who are dedicated to leading by example."

- Terry Catlin, IEUA Board President





IEUA is a leading agency in Southern California for water use efficiency, renewable energy, resource management and public awareness while making sustainability a top priority.

Located in San Bernardino County, serving approximately 830,000 residents in a 242-square mile service area, the Inland Empire Utilities Agency (IEUA/Agency) focuses on supplying imported and recycled water; collecting, treating, and recycling wastewater; and providing other utility-related services to the communities it serves. The Agency strives to provide these services in a regionally planned, managed, and cost-effective manner. IEUA serves the cities of Chino, Chino Hills, Fontana, Montclair, Ontario, Upland, Cucamonga Valley Water District, Monte Vista Water District, Fontana Water Company, San Antonio Water Company, and the Water Facilities Authority.

IEUA owns and operates five facilities specializing in regional wastewater and recycled water services, and entered into a public partnership to operate a biosolids composting facility. The Agency is headquartered in a platinum LEED™ certified building in the City of Chino. IEUA has taken several steps to reduce air pollution and promote good environmental stewardship through its development of a renewable energy portfolio, a joint venture to divert waste from landfills, and expansion of its recycled water and groundwater recharge programs.



Recycled Water and Groundwater Recharge

IEUA began selling recycled water in the 1970s as a low cost alternative to potable water for large irrigation customers. Over the past ten years, IEUA and its local water providers have invested in an aggressive program to expand delivery of high quality recycled water to its service area as a reliable irrigation source that will improve the sustainability of the region's water supply. To date, IEUA has more than 500 customers connected to recycled water.

As part of the recycled water expansion, IEUA has enhanced the capabilities of the Groundwater Recharge system. The 18 groundwater recharge sites are located throughout IEUA's service area and are designed to retain stormwater run-off, imported water from the State Water Project, and IEUA's recycled water

to help replenish the underground aquifers. These recharge sites enhance the reliability of local groundwater available for a growing population.



“Direct delivery of recycled water uses 91% less energy than importing water from the State Water Project.” – Angel Santiago, IEUA Board Member

Supplemental Water Provider

Formed in 1950, IEUA is a member of the Metropolitan Water District of Southern California (MWD). One-third of the water distributed by IEUA is imported from MWD through the State Water Project. Over the last several years imports have declined from a high of 78,872 AF (acre feet) in 2009 to 52,831 AF in 2012. IEUA strives to be more regionally self-sufficient by becoming more efficient and using recycled water. IEUA has invested in water conservation efforts and is on track to reduce per capita consumption by 5,157 AF by 2015.

Wastewater Treatment

Collecting and treating wastewater is a primary service that IEUA provides. The Agency's water recycling plants collectively take in approximately 70 million gallons of wastewater per day for treatment. Several treatment processes contribute to providing quality recycled water pursuant to the State of California Title 22 regulations. The major treatment processes include raw wastewater pumping, preliminary and primary treatment, primary effluent flow equalization and diversion, secondary treatment and tertiary treatment. In a continuous effort for IEUA's operations to stay committed to providing a high quality end-product through efficient, functional treatment plants, the Agency has begun to reinvest in infrastructure repairs and upgrades to the water recycling plants.



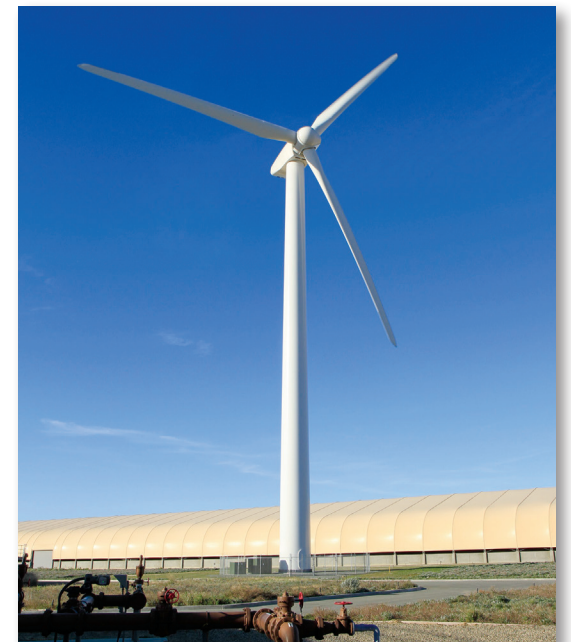


Composting and Biosolids Management



IEUA developed a partnership aimed at diverting biosolids from landfills and instead using it as a valuable resource. IEUA teamed up with the Los Angeles County Sanitation Districts to create the Inland Empire Regional Composting Authority (IERCA). Established in 2002, the IERCA operates the Inland Empire Regional Composting Facility (IERCF) located in Rancho Cucamonga. The IERCF is the nation's largest fully enclosed composting facility. In operation since 2007, the IERCF is an excellent example of IEUA's ability to provide a regional sustainable solution to biosolids management. It also represents a less expensive and more reliable solution to the disposal of our region's organic material, rather than costly, long distance trucking; therefore, saving taxpayers' money.

"The IERCF reduces truck traffic by over 3 million miles per year." – Michael Comacho, IEUA Vice President



Solar Energy

IEUA began its renewable energy campaign in 2008 with the evaluation for potential solar installations that could provide clean power at several of its locations.

IEUA entered into a Power Purchase Agreement (PPA) with a private company and had 3.5 MW of solar power installed at four of IEUA's facilities. Since installation at the end of 2008, IEUA has consumed approximately 27,000 MWh of power generated from the solar panels. This amount of consumption from a renewable resource is equivalent to eliminating approximately 7,400 pounds of pollutants and 9,200 metric tons of greenhouse gas emissions from Southern California power plants per year.



"The amount of solar energy produced at IEUA since 2009 could power nearly 2,100 homes for one full year." – Steven J. Elie, IEUA Secretary/Treasurer

Wind Energy

In 2010, IEUA expanded its renewable energy portfolio by securing another PPA for a wind turbine. As a result, a 1.0 MW wind turbine was installed at IEUA's facility in Rancho Cucamonga. The wind turbine was commissioned in early 2012 and has generated approximately 500 MWh since startup. The equipment is expected to provide approximately 1,500 MWh of clean energy per year, which is equivalent to removing 420 pounds of pollutants and 500 metric tons of greenhouse gas emissions that would accompany comparable electricity generation from Southern California power plants.

“The Inland Empire Utilities Agency is proud to be the recipient of the South Coast Air Quality Management District’s Good Environmental Stewardship Award. It is a testament to the Agency’s commitment to environmental sustainability.”
 – Gene Koopman, IEUA Board Member

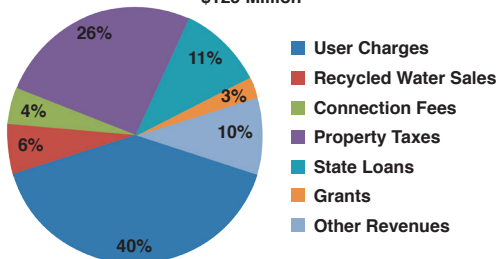


Located at Regional Water Recycling Plant No.1 in the City of Ontario, fuel cells will provide approximately 50 percent of the electrical demand for this plant.

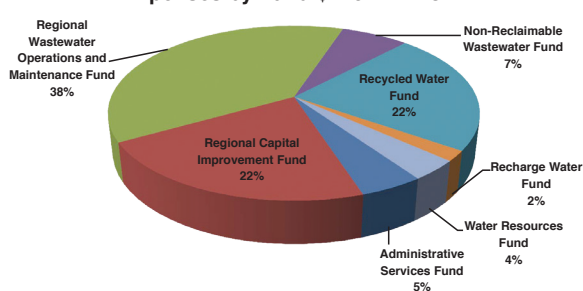
IEUA will continue to strive to go beyond its role as a regional water provider and establish itself as a leader of sustainable practices among public agencies. IEUA's goal of providing essential public services while promoting good environmental stewardship and providing low sewer and water rates, has been achieved through strategic project developments and both public and private partnerships that have produced a co-composting facility, clean renewable energy generation systems, an expanded utilization of recycled water and enhanced reliability of local groundwater supplies. These endeavors have created over 100 jobs for the community.

IEUA's community outreach and conservation programs have enabled the community to educate themselves on ways to use water wisely and take part in water-saving rebates. Education programs, including field trips to the Chino Creek Wetlands and Educational Park, continue to provide valuable lessons to local students on ways to preserve our precious natural resources.

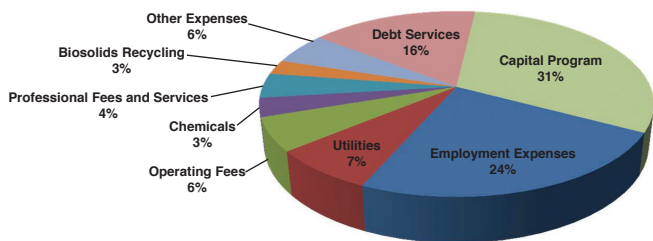
FY 2012/2013 Total Revenue & Other Funding Sources
 \$125 Million



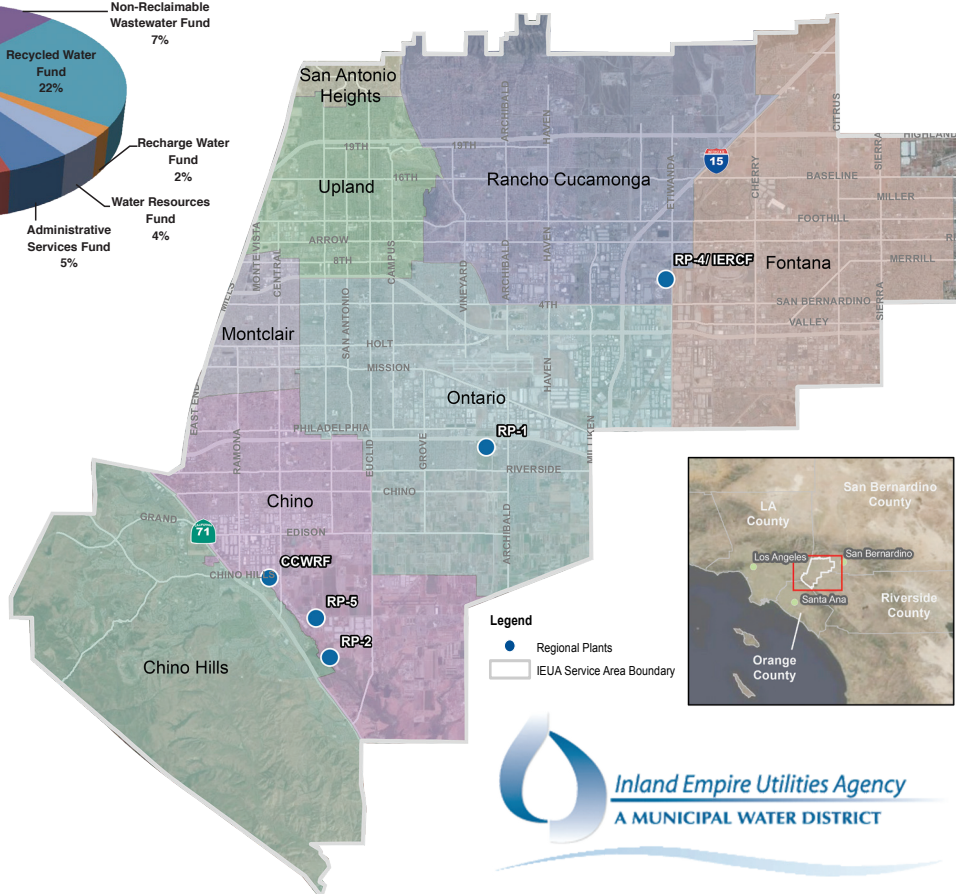
Expenses by Fund \$140.1 Million



FY 2012/2013 Total Expenses & Other Uses of Funds
 \$140.1 Million



IEUA Service Area



Inland Empire Utilities Agency
 63 Years of Excellence in Water Resources and Quality Management

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State and Federal agencies have financially assisted in many of IEUA's projects. These include: California Integrated Waste Management Board, U.S. Department of Energy, California Department of Forestry and Fire Protection, California Department of Parks and Recreation, California Energy Commission, Federal Emergency Management Agency/California Emergency Management Agency, U.S. Department of Agriculture-Natural Resources Conservation Service, Western United Resource Development, Inc., California Public Utilities Commission through Southern California Gas Company Self Generation Incentive Program, California Solar Initiative Southern California Edison, State Water Resources Control Board, U.S. Department of Interior, Bureau of Reclamation, Metropolitan Water District of Southern California, California Department of Water Resources, and WaterReuse Foundation.

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