



LETTER TO MEMBERS

The desire to explore is a trait inherent in everyone. From the day we are born, the need to touch, search and discover is insatiable. The sky is the limit as we find our paths in life. As children, pathways can take us to places beyond our wildest imaginations. As adults, pathways become realities as our desire for exploring leads us to seek better, faster, more efficient ways of doing things. In 2009, the Indiana Municipal Power Agency explored greener paths: in power supply, the company's operations, and our services to members.

IMPA's goal of providing a low-cost, reliable and environmentally-responsible power supply remained as a guiding path for the Agency during 2009. Despite the state of the U.S. economy, IMPA was well-positioned to deliver competitive electric rates to the communities we serve. Our diverse portfolio of owned and purchased power resources continues to provide an economical mix of resources to meet our growing load.

The year saw us move closer to the completion of Trimble County Unit 2, scheduled to be in service in summer 2010, and significant progress made on the construction of the Prairie State Energy Campus and Lively Grove Mine. When completed, these projects will increase IMPA's self-sufficiency by reducing the amount of power we purchase from others.

In 2009, IMPA also moved forward with an updated strategic plan that calls for a 10 percent reduction in load from the current 10 year forecast from conservation, energy efficiency and demand response programs by 2020. Additionally, the plan calls for the Agency to increase its percentage of low- and no-carbon resources to 30 percent, including an increase from 3 to 20 percent from renewable resources, by 2020. It is an aggressive goal, but one we are prepared to pursue.

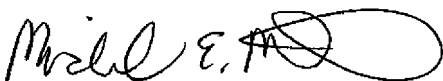
As the United States Congress pursued climate change legislation to address global warming concerns, IMPA kept an open line of communication with members and customers regarding the issue. Through a partnership with Indiana rural electric cooperatives and the Agency's own communication efforts, consumers were armed with the knowledge of how climate change legislation would affect them and the tools to communicate with their legislators.

IMPA also launched several consumer energy efficiency and conservation programs throughout the year designed to continue the journey on a greener path. We ramped up our demand side management program planning, launched an online energy audit program, and created programs that allow our members to elect to interconnect customer-owned renewable resources. IMPA also approved renewable energy demonstration projects to be constructed at our Carmel campus in 2010. We look forward to continuing on this path in the years to come.

As we continue our focus of providing a low-cost, reliable and environmentally-responsible power supply, we encourage our members and their customers to explore their own pathways, seeking better, more efficient and greener ways of life.



Rajeshwar G. Rao, President and CEO



Michael E. Martin, Chairman

