



IMPA  
2017 ANNUAL REPORT

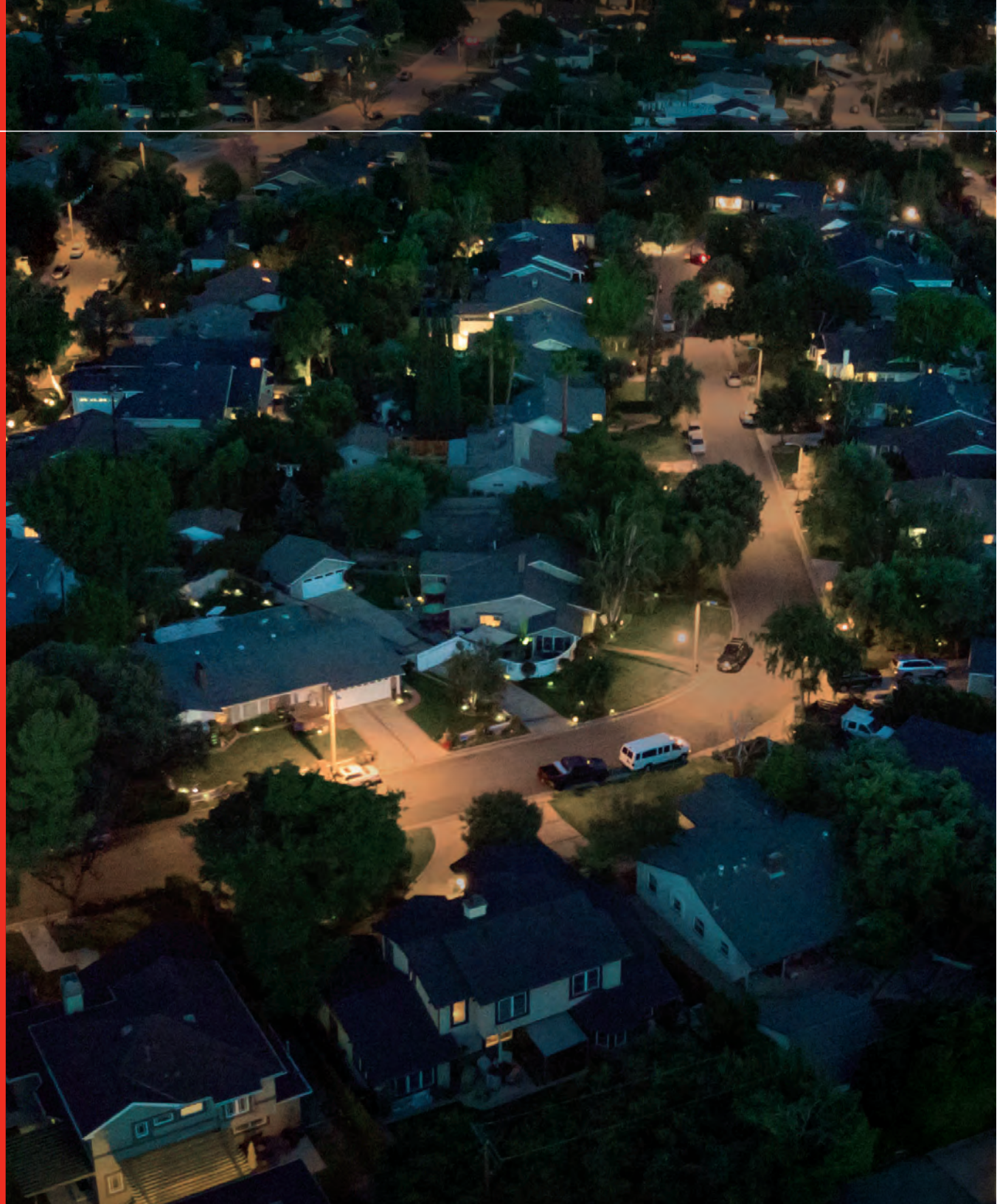
# EMPOWERING

Our Communities

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**Cover:** Jack Stevenson  
Stevenson's Ace Hardware





# Message to Members

The end of 2017 marked 34 years of operations for the Indiana Municipal Power Agency. For 34 years, we have provided a low-cost, reliable, environmentally-responsible power supply to municipal electric communities around the state of Indiana. Year after year, we have performed the delicate act of balancing our power supply portfolio with a diverse array of resources, managing the changing tides of the utility industry while keeping a watchful eye on shifting regulations and technologies. Beyond power supply, we have also steadily built our service offerings to become more than just a wholesale electric provider, assisting our member municipal electric utilities in meeting the needs of their communities more efficiently and cost effectively. We have served as the voice for Indiana’s municipal electric utilities to legislators in the state and across the nation. Thirty-four years of living and breathing the values of public power: **Community owned. Customer focused. Public Power strong.**

Perhaps more importantly, IMPA has undertaken another role in our years of service — that of empowering our communities. The core of IMPA’s existence rests in community. The Agency was formed by a group of community utilities working together, hoping to create an organization that would enable them to serve their customers under their own terms and not under the stipulations of other suppliers. For these communities, being part of IMPA meant, and still means today, being able to have more control — more power — over their own destinies.

In our 34<sup>th</sup> year of operations, IMPA continued to operate by many of the ideals instilled by our forefathers. Our diverse power supply portfolio grew as we built additional solar generation facilities in more of our member communities. Through IMPA Service Corp, we launched a new dedicated services program, designed to assist member communities with the maintenance and operations of their

local utilities. We worked with Indiana’s state legislature to update state laws impacting the Agency and our relationship with our member utilities. We also expanded our economic development tools with the addition of an economic development rider to attract new businesses and encourage existing businesses to expand in our member-served communities.

On the verge of 35 years of serving municipal electric communities in Indiana and Ohio, we pause to celebrate the successes we’ve achieved and reflect on how IMPA has empowered so many communities throughout the years.



*Rajeshwar G. Rao*  
**RAJESHWAR G. RAO**  
 President and CEO

*C. Sue Saunders*  
**C. SUE SAUNDERS**  
 Chairwoman of the Board

# EMPOWERING People

The Indiana Municipal Power Agency (IMPA) was founded on the idea of providing customers of public power communities with a low-cost, reliable and environmentally-responsible power supply. Throughout the Agency's history, it has made good on the promise to provide some of the lowest wholesale power rates in Indiana. IMPA continued that tradition in 2017 when the Agency delivered an average one percent decrease in the wholesale electric rates billed to its member communities. While the decrease was welcomed, member communities have even more to look forward to in 2018. As part of the Agency's 2018 rate study in October 2017, IMPA announced an average 5.25 percent decrease in the wholesale rates billed to member communities for 2018 — the largest decrease in rates in the Agency's history. IMPA's wholesale rates are based on the Agency's operating costs, which are derived from its diverse generation and transmission ownership, purchased power, debt service and administrative and general expenses. The 2017 and 2018 decreases are attributable to IMPA's fiscal management and investments in generation and transmission projects over the last two decades. All of the Agency's newer units, including new solar projects, and a reduced regulatory burden are contributing to lower, sustained costs for 2018 and beyond. IMPA's wholesale rates remain some of the lowest in the state of Indiana.

IMPA's strong financial position also contributes to stability in rates. The Agency strengthened its financial position in December when IMPA closed on the issuance of approximately \$222 million of tax-exempt bonds. The proceeds will be used for capital improvements to IMPA's power supply system and to refund (refinance) previously issued bonds. The refunding resulted in a reduction of future debt costs with net present savings of approximately \$9.3 million.

*"We feel very fortunate to be customers of Crawfordsville Electric Light and Power, and to be part of IMPA and public power. In comparison to the bills that our family members have in other areas, our rates are quite reasonable. Plus, our service is very dependable. We know that if we have a question or a problem, we can call and speak directly to someone in our community that is knowledgeable and can answer our questions. Local service and reasonable rates are just two of the wonderful advantages of living in a public power community."*

**TOM & BETTY SHEETS**  
PUBLIC POWER CUSTOMERS  
CRAWFORDSVILLE, IN



*"IMPA's dedicated services program has been extremely beneficial for Frankton's electric utility. The program has been a perfect fit for the town after unsuccessful attempts to fill a vacant lineman position in our electric department. We now have professional electric services available to use when needed. Since implementing the program, much needed tree maintenance was addressed, resulting in a significant reduction of power interruptions for customers in our community."*

**LISA COREY**  
UTILITIES CLERK  
FRANKTON UTILITIES





# EMPOWERING Utilities

Beyond empowering the customers of municipal electric communities, IMPA has empowered municipal utilities to improve reliability in their service to their communities. One of the many ways in which the Agency did this in 2017 was through its dedicated services program, a service being offered through the IMPA Service Corp, IMPA's engineering and operations subsidiary. Maintaining a reliable, local electric system within smaller municipal communities is difficult to do with limited funds and expensive, skilled labor. IMPA began offering dedicated services to the communities of Advance, Centerville, Dunreith, Frankton, Lewisville and Spiceland in early 2017. Later in the year, Brooklyn, Kingsford Heights and Rockville joined the ranks and began receiving services as well. Under the service contracts, participating communities receive system maintenance, vegetation management and outage restoration services. Participating communities are able to decide which services they would like to receive, and they frequently communicate with IMPA to ensure their needs are being met. For smaller communities, the dedicated services program has been integral to supporting the local electric distribution system.

As demand for IMPA's dedicated services program grew, the Agency found itself in need of additional space to house crews and vehicles. IMPA was able to acquire a parcel of land in the IMPA member community of Spiceland — a centralized location to some of the communities served by the dedicated services program. The Agency constructed a 6,400 square-foot service facility, complete with four vehicle bays, office and operations space. With the new building, crews are able to more quickly address issues that arise in dedicated service communities as well as more efficiently route crews to deal with scheduled maintenance issues.



*IMPA Services Building  
Spiceland, IN*

# EMPOWERING Education

IMPA understands the value of education, whether it is sharing information on generation resources, providing essential training to utility personnel or communicating the benefits of municipal ownership and public power.

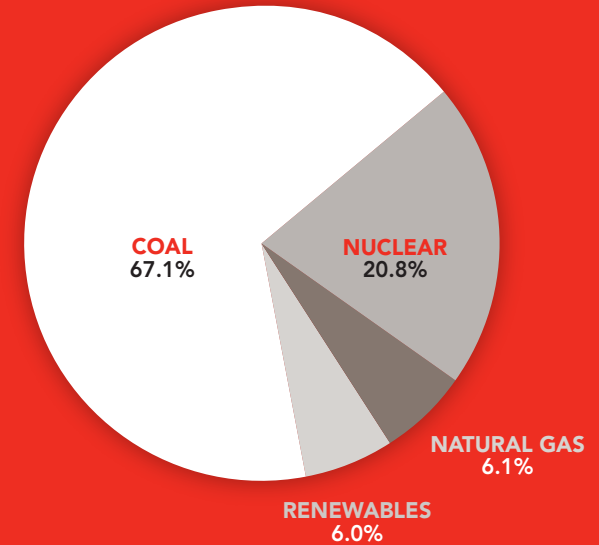
Through its power supply portfolio, IMPA provides member communities with a wholesale power supply that is both reliable and diverse. The Agency's portfolio is comprised of generation and purchased power fueled by a variety of resources, including coal, natural gas, solar, nuclear and wind. Through diversification, IMPA ensures that factors affecting one resource would not impact the ability of other resources to adequately supply members' power requirements. Additionally, IMPA's portfolio provides opportunities to educate customers in member communities about the numerous resources available to meet customer electric needs, including renewable resources.







*Flora Solar Park Ribbon Cutting  
Flora, IN*

IMPA added to its diverse portfolio in 2017 when the Agency constructed four solar parks in the communities of Anderson, Flora, Greenfield and Spiceland. Ranging from .53 megawatts (MW) up to 8 MW, together these resources added 12 MW of solar capacity to the Agency's existing solar portfolio that is now made up of 17 solar parks. With the completion of the solar park in Anderson, the community now houses the largest solar park IMPA has engineered and constructed in-house. The 8 MW facility is comprised of nearly 30,000 solar panels and sits on over 60 acres of land, producing an annual amount of energy that will power more than 1,000 homes.

## IMPA FUEL MIX (MWh)



## IMPA RESOURCES

	FACILITY TYPE	CAPACITY (MW)
	Coal-fired	615.0
	Natural Gas-fired	419.0
	Solar	36.6
	Purchased Power (nuclear, wind, etc.)	296.0
<b>TOTAL</b>		<b>1366.6</b>

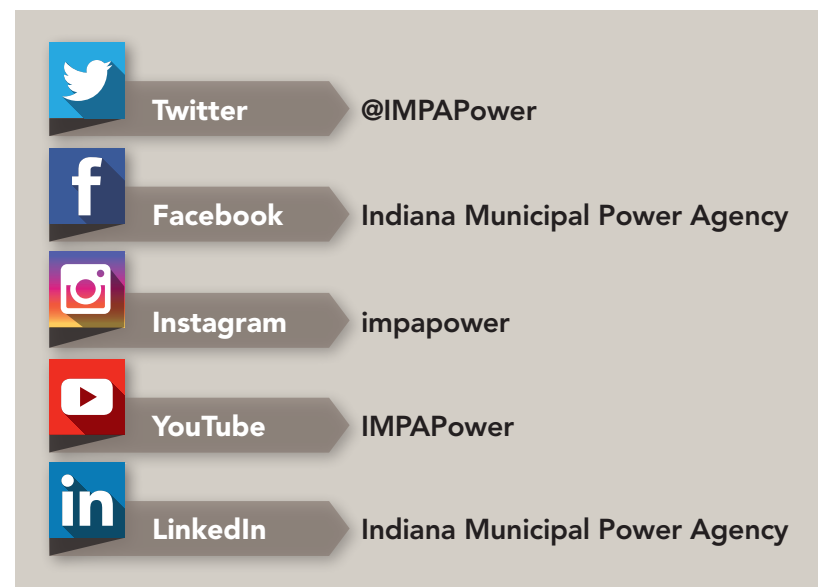


IMPAs commitment to constructing solar parks in all of its member communities is a testament to the Agency’s environmental responsibility. In time, IMPA plans to construct over 100 MW of solar capacity in member communities.

IMPA continued its efforts to improve financial savings in the solar parks by entering into agreements that allow the Agency to share certain financial benefits available to solar generation facilities. Under these agreements, IMPA planned and built its four 2017 parks for an investor, with provisions that give IMPA the option to purchase the solar parks back after six years. The agreements include power purchase agreements wherein IMPA will purchase 100 percent of the solar parks’ generation at a pre-established price, meaning the entire output of the solar parks will still be part of IMPAs power supply to its members for years to come. Overall, the sale of the parks improves financial savings to IMPA and its communities, empowering them with renewable energy at a low cost.

IMPA knows that the strength of public power utilities lies in the people that ensure delivery of electricity every day. Those individuals must be trained and possess the skills and knowledge necessary to perform their jobs dependably, efficiently and safely. IMPA launched a series of monthly training programs in 2016 to impart some of these skills and knowledge to utility personnel in its member communities, and continued with the training in 2017. The sessions are meant to meet the needs of all utility personnel, including field staff, engineering, management and customer service personnel. IMPA partnered with the training arms of the Tennessee Valley Public Power Association and the American Public Power Association to bring in experienced presenters who shared their knowledge on various subjects. Topics covered in 2017 included overhead line design, the National Electric Safety Code, renewable energy generation and joint use pole agreements.

IMPA also sought to educate its members’ customers in other ways through a new website and social media channels. The Agency launched a new and improved website at [www.impa.com](http://www.impa.com) late in the year to provide an expanded amount of information to online visitors. With a cleaner look and user-friendly graphics, those seeking to learn more about IMPA and its member communities can easily navigate through the various pages to locate the information they need. The Agency also launched several social media channels, including Twitter, Instagram and Facebook, as a way to communicate directly with those seeking to learn more about their community’s wholesale power supplier. IMPA has used the social media channels to share information about the Agency’s generation resources and member utilities, build awareness of public power, promote events in member communities, attract new industries to IMPA communities and share various energy efficiency and electric safety tips.



**IMPA**

**2017 BOARD OF  
Commissioners**

# IMPA Senior Management



**1 Chris Rettig**, Senior Vice President and Chief Financial Officer

**2 Frank Smardo**, Senior Vice President, Engineering

**3 Raj Rao**, President and Chief Executive Officer

**4 Peter Prettyman**, Senior Vice President and General Counsel

**5 Jack Alvey**, Executive Vice President and Chief Operating Officer



- 1 Steve L. Putt | Brookston
  - 2 Nathan D. Ulerick | Dublin
  - 3 Ram G. Reddy | Blanchester
  - 4 Randy W. Baker | Richmond
  - 5 Tim A. McClintick | Pendleton
  - 6 Faith A. Willoughby | Chalmers
  - 7 Keith K. Smith | Veedersburg
  - 8 Greg F. Gayler | Darlington
  - 9 John W. Norris | Montezuma
  - 10 Dennis K. Dixon | Tell City
  - 11 James E. Hanson | Middletown
  - 12 Jim L. Caldwell | Advance
  - 13 Barry J. Baker | Etna Green
  - 14 Mayor Stephen A. Wood | Rensselaer
  - 15 Jack T. Corrie | Frankfort
  - 16 Joshua W. Chance | Peru
  - 17 Barry K. Lewis | Waynetown
  - 18 Robert H. Hartman | Greendale
  - 19 Lisa M. Corey | Frankton
  - 20 Michael L. Fruth | Greenfield
  - 21 G. Dick Klein | Tipton
  - 22 John S. Reutepohler | Huntingburg
  - 23 Mike C. Jenner | Edinburgh
  - 24 Tony P. Pochard | Anderson
  - 25 Brent W. Slover | Linton
  - 26 Kari A. Moss | Kingsford Heights
  - 27 Shawn Guidice | Rising Sun
  - 28 N. Mike Whitman | Lebanon
  - 29 Bob J. Reed | Knightstown
  - 30 Randal L. Emmons | Washington
  - 31 Richard A. Justice | Gas City
  - 32 James J. Lindstrom | Argos
  - 33 Jerald L. Schitter | Jasper
  - 34 Jay M. Stoneburner | Bremen
  - 35 Jeffrey L. Lane | Spiceland
  - 36 Bernard W. Linne | Troy
  - 37 C. Sue Saunders | Lewisville
  - 38 Shawn E. Lickey | Columbia City
  - 39 Daniel W. Wandersee | Centerville
  - 40 David B. Dudley | Dunreith
  - 41 Brad J. Zellers | Winamac
  - 42 Ron Fritz | Flora
  - 43 Phillip R. Goode | Crawfordsville
- Not Pictured:**
- Chad B. Oliver | Bainbridge
  - Niki A. Balish | Bargersville
  - Ray A. Young | Brooklyn
  - Linda S. Stoddard | Coatesville
  - Mayor Bradley D. Crain | Covington
  - Bobby L. Taylor, Jr. | Jamestown
  - James B. Cox | Ladoga
  - Olin S. Clawson | Lawrenceburg
  - S. Troy Elless | New Ross
  - Gary N. Barnett | Paoli
  - Jason B. Love | Pittsboro
  - Dr. Steven G. Waltz | Rockville
  - Mayor William H. Graham | Scottsburg
  - Randall C. Cokl | South Whitley
  - Stacy L. Smith | Straughn
  - Gary D. Moody | Thorntown
  - Kathryn Tiede-Chrapliwy | Walkerton
  - David L. Banta | Williamsport





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# EMPOWERING

## Community Growth

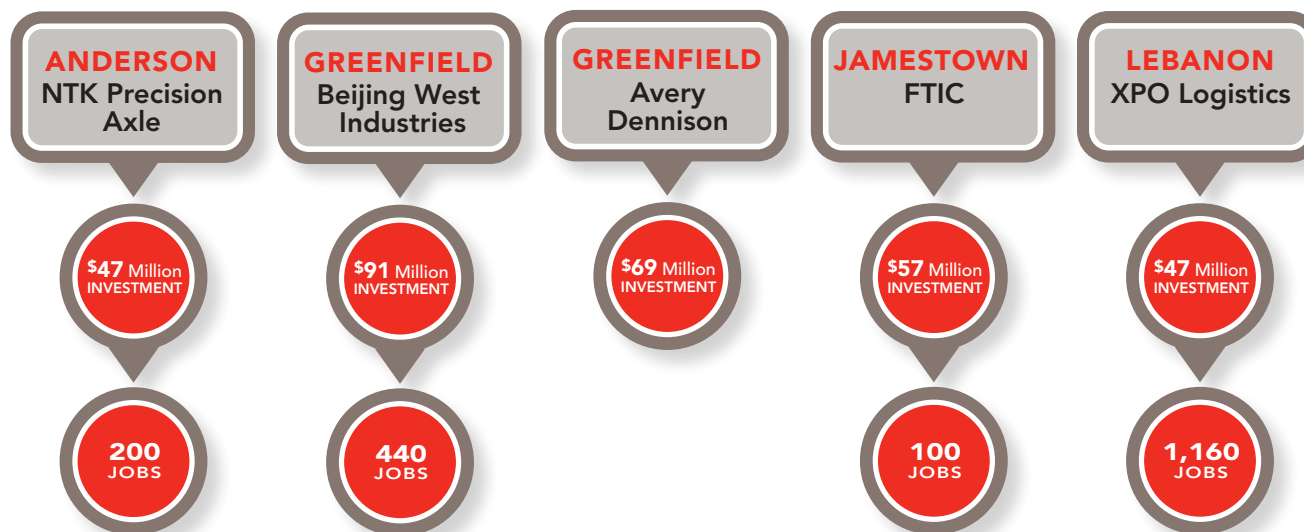
Public power utilities are central to the economic development process, helping to bring investments and jobs to their communities. They work closely with businesses to provide the highest levels of reliability, low electric rates, customer service and economic development assistance.

IMPA and its member communities constantly monitor ways to support existing businesses and industries while continuing to drive business development and interest. In 2017, IMPA equipped its member communities with another tool to help drive business growth: an economic development rider for existing and prospective electric customers. Applicable to new loads only, the rider provides companies that meet the incentive criteria a discount on their electric bill for

a five-year period. Businesses seeking to utilize the new economic development incentive must meet certain criteria, including adding a minimum of one megawatt of electric usage at one facility and investing at least \$1 million at that same location.

Greenfield is one IMPA community already realizing the benefits of the economic development rider. Beijing West Industries (BWI) announced it had selected the community as home to its first manufacturing plant in the United States, and label and packaging manufacturer Avery Dennison announced plans to double its existing manufacturing facility. Both BWI and Avery Dennison will benefit from IMPA's economic development rider.

### 2017 Economic Development Announcements





*"IMPA's Economic Development Rider has been a great addition for our community. Within 30 days of its passage in 2017, our community was chosen as the site of the BWI plant. The Rider certainly helped to tip the scales in our favor. Most recently, the Avery Dennison facility in Greenfield was selected as the site for a major expansion, doubling the size of their site. I believe the Economic Development Rider was a huge benefit and played a major role in Avery's final decision to grow the Greenfield plant. IMPA and Greenfield have always been a very competitive team, and the Rider has become an essential element in our public power toolbox."*

**MICHAEL FRUTH**  
DIRECTOR OF UTILITIES  
GREENFIELD, IN



*“Being a full member of IMPA brings many advantages to Blanchester. Having a voice on the IMPA Board of Commissioners means we play a role in the future of our power supply. We receive 100 percent of our power through IMPA, and the Agency’s diverse power supply portfolio means that electricity is available at all times, whenever we need it. Our rates are quite reasonable, and we are even able to pass on a wholesale rate decrease from IMPA to our retail customers in 2018. Being part of the public power community means looking out for the best interests of our friends and neighbors that are our customers.”*

**RAM REDDY**  
UTILITIES DIRECTOR  
BLANCHESTER, OH





# EMPOWERING

## Public Power Communities

Since its inception, IMPA has existed because of the communities and utilities it serves. The strength of public power, and of the Agency's member communities — strength in numbers — builds strength in IMPA as well.

The 1980 Indiana state statute that opened the door for IMPA to be created enabled the Agency to serve municipal electric communities, providing them with 100 percent of their power supply requirements. The legislation limited the reach of IMPA, however, by restricting membership to only municipal electric utilities located within Indiana. While the Agency had been able to serve communities outside of Indiana with a wholesale power supply agreement, those communities could not be represented on the IMPA Board of Commissioners like Indiana members.

In 2017, IMPA worked closely with state legislators to pass Senate Enrolled Act 2 (SEA 2), which modernized the statute that originally created IMPA. The new legislation recognized many of the changes that have occurred in the electric utility industry since IMPA's creation, including the evolving relationship between IMPA and its members. SEA 2 provided updates that allow IMPA to continue serving its member communities with a low-cost, reliable and environmentally responsible power supply, as well as many other critical services, well into the future. SEA 2 was passed unanimously by both chambers of the Indiana General Assembly and was signed into law by Governor Eric Holcomb.

With the passage of SEA 2 came the added benefit of welcoming Blanchester, Ohio as a full-fledged member of the Agency. While IMPA had provided wholesale electricity to the community for years as a wholesale power customer, the community was not considered a member due to its location outside the borders of Indiana.

SEA 2 enabled the community and public power utility to join the ranks of IMPA's 60 other communities in being the 61st full member of the Agency. As a member, Blanchester not only continues to receive a low-cost, reliable and environmentally responsible wholesale power supply, but now has a voice in the future direction of the Agency along with the representatives from IMPA's other communities. Additionally, the community continues to benefit from the many other services afforded to IMPA members: engineering, distribution services and operations, economic development, government relations, member services, marketing and communications. On top of these additional services, Blanchester residents and businesses continue to enjoy the same low rates and reliable service they were already receiving from their local hometown utility, the Blanchester Board of Public Affairs.

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Empowerment in IMPA and our member communities takes many forms, but touches all aspects of the community. Long-time residents to incoming industries and growing manufacturers. Utility personnel and community leaders. From the smallest entities to the largest providers, IMPA truly empowers its public power communities with the qualities and resources needed to build strong, growing, community-owned and customer-focused cities and towns in Indiana and beyond.

# FINANCIAL

## Highlights 2017 Annual Operating Results

Sales to municipalities decreased approximately \$30.5 million (6.8%) compared to 2016. Lower 2017 operating costs resulted in an average accrued cost per kilowatt hour (kWh) of 6.86 cents, an approximate 4.5% decrease compared to 2016. Milder temperatures also resulted in a 2.5% decrease in energy sales (kWh) in 2017 compared to 2016.

Total operating expenses decreased approximately \$21.0 million (5.6%) in 2017 compared to 2016 primarily due to a greater reliance on IMPA-owned generation and lower fuel and purchased power costs. Total non-operating expenses, including lower interest and other bond related costs, net of higher interest income, decreased approximately \$3.1 million.

Utility plant increased approximately \$5.1 million during 2017. Capital additions were approximately \$82.3 million. Net retirements and other adjustments were approximately \$33.5 million, and include the sale of certain solar generation facilities. Depreciation expense was approximately \$43.7 million.

During 2017, IMPA sold certain solar parks constructed by IMPA in member communities. In conjunction with the sales, IMPA also entered into purchase power agreements whereby IMPA will take 100% of the output from the solar parks for 25 years. The agreements provide IMPA options to buy back the solar parks after 5 ½ or 6 years, depending on the agreement. The combined present value savings from these transactions was approximately \$4.4 million.

During 2017, IMPA issued the 2017 Series A Bonds (the "2017 Bonds"). The 2017 Bonds were issued to fund capital improvements and refund (refinance) certain outstanding bonds. The 2017 refunding is expected to result in a reduction of future debt service of \$12.1 million and present value savings of approximately \$9.3 million.

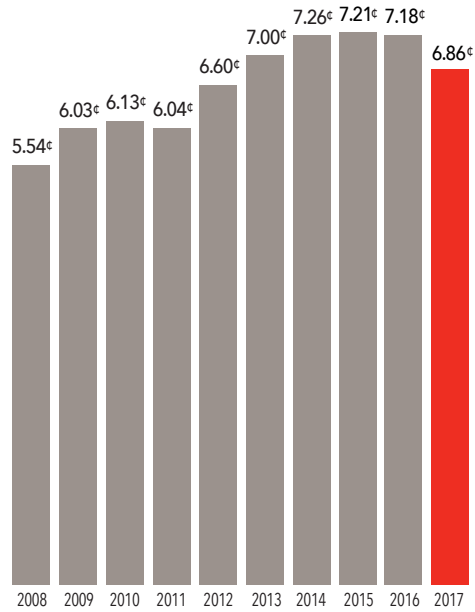
Debt service coverage for 2017 was 1.26 times. The Agency's bond resolution requires debt service to be at least 1.10 times.

### Condensed Consolidated Statements of Revenues, Expenses and Changes in Net Position (\$ millions)

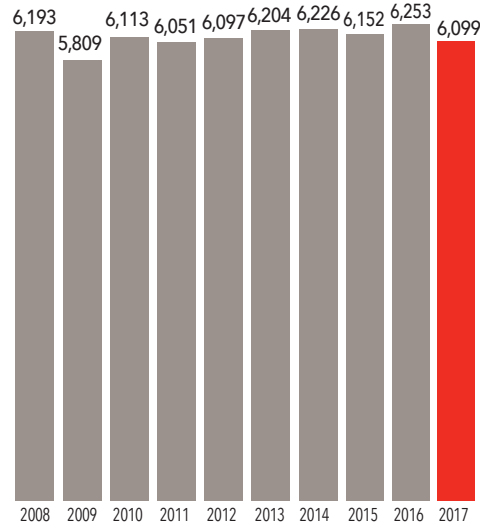
	2017	2016
Sales to municipalities	\$ 418.5	\$ 449.0
Other revenues	4.9	3.7
<b>Total Operating Revenues</b>	<b>423.4</b>	<b>452.7</b>
Purchased power, fuel and production expenses	230.0	260.9
Transmission and local facilities	42.9	37.2
Other operating expenses	79.6	75.4
<b>Total Operating Expenses</b>	<b>352.5</b>	<b>373.5</b>
<b>Total Operating Income</b>	<b>70.9</b>	<b>79.2</b>
Interest expense	56.4	56.9
Interest income	(1.9)	(0.6)
Other non-operating income	(6.7)	(5.4)
<b>Total Non-Operating Expenses (Income)</b>	<b>47.8</b>	<b>50.9</b>
<b>Net Income</b>	<b>23.1</b>	<b>28.3</b>
<b>Net Position at Beginning of Year</b>	<b>299.9</b>	<b>271.6</b>
<b>Net Position at End of Period</b>	<b>\$ 323.0</b>	<b>\$ 299.9</b>

### Condensed Consolidated Statements of Net Position (\$ millions)

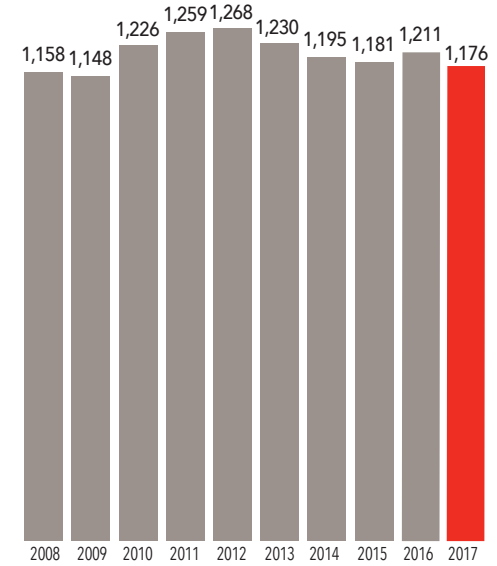
	2017	2016
Utility plant, net	\$ 1,231.2	\$ 1,226.1
Cash and investments	350.2	263.4
Other current assets	120.6	111.9
Deferred outflows	181.0	136.8
<b>Total Assets</b>	<b>\$ 1,883.0</b>	<b>\$ 1,738.2</b>
Net investment in capital assets	(162.0)	(84.8)
Restricted	167.8	133.4
Unrestricted	317.2	251.3
<b>Total Net Position</b>	<b>\$ 323.0</b>	<b>\$ 299.9</b>
Non-current liabilities	1,410.7	1,318.7
Current liabilities	149.3	119.6
<b>Total Liabilities</b>	<b>\$ 1,560.0</b>	<b>\$ 1,438.3</b>
<b>Total Net Position and Liabilities</b>	<b>\$ 1,883.0</b>	<b>\$ 1,738.2</b>



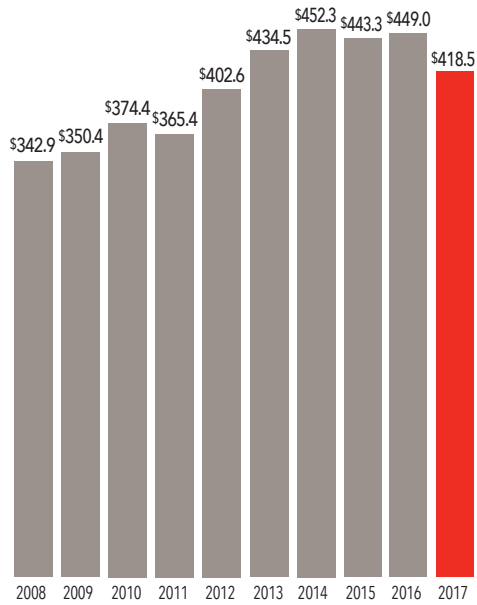
**COST PER KILOWATT-HOUR TO MEMBERS**  
(Cents/kWh)



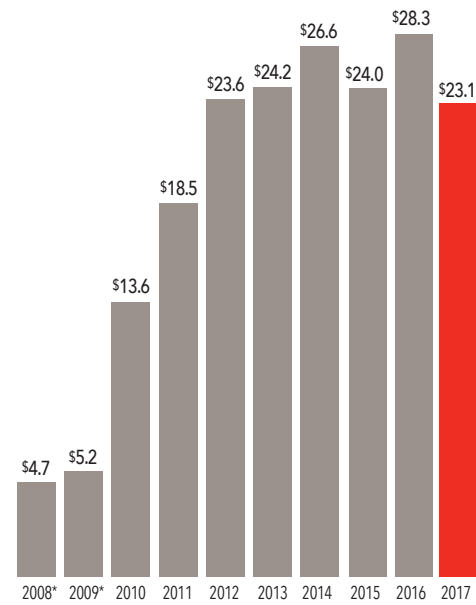
**KILOWATT-HOUR SALES** (\$ millions)



**NON-COINCIDENT PEAK DEMAND** (MW)

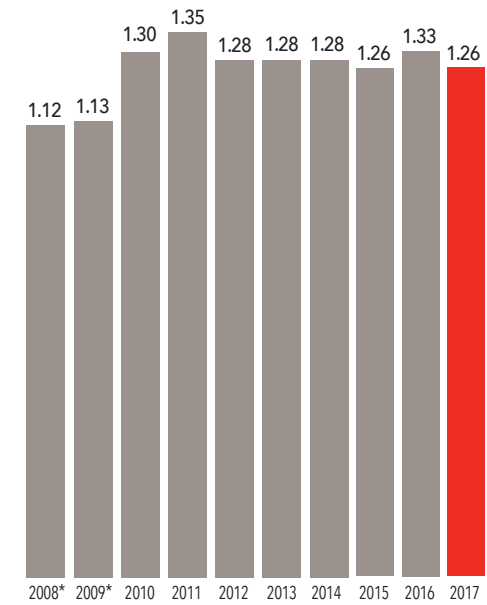


**SALES TO MUNICIPALITIES** (\$ millions)



**NET INCOME** (\$ millions)

\* Includes transfers from Rate Stabilization Fund



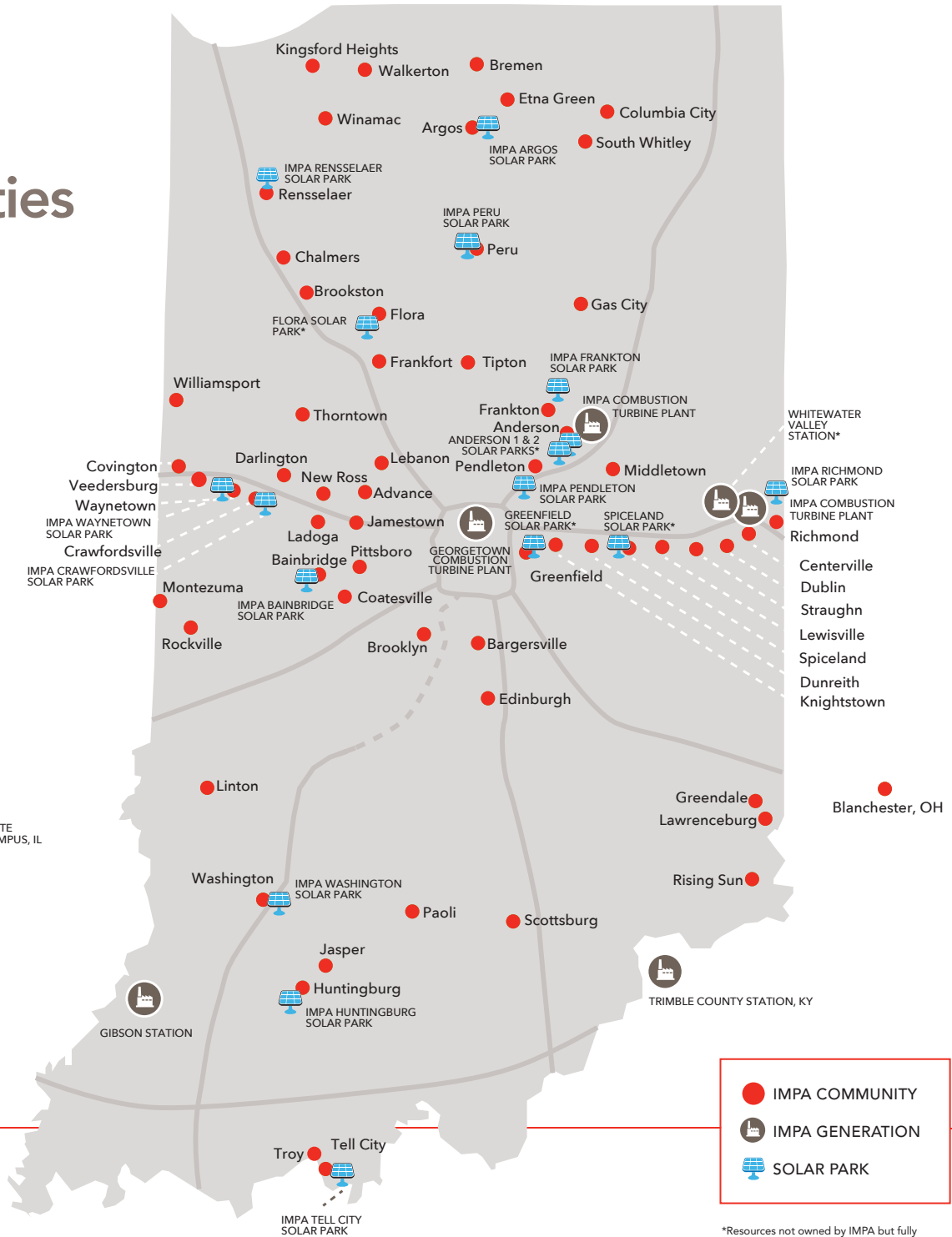
**DEBT SERVICE COVERAGE** (Times)

\* Includes transfers from Rate Stabilization Fund



# Member Communities

- |                   |               |
|-------------------|---------------|
| Advance           | Ladoga        |
| Anderson          | Lawrenceburg  |
| Argos             | Lebanon       |
| Bainbridge        | Lewisville    |
| Bargersville      | Linton        |
| Blanchester       | Middletown    |
| Bremen            | Montezuma     |
| Brooklyn          | New Ross      |
| Brookston         | Paoli         |
| Centerville       | Pendleton     |
| Chalmers          | Peru          |
| Coatesville       | Pittsboro     |
| Columbia City     | Rensselaer    |
| Covington         | Richmond      |
| Crawfordsville    | Rising Sun    |
| Darlington        | Rockville     |
| Dublin            | Scottsburg    |
| Dunreith          | South Whitley |
| Edinburgh         | Spiceland     |
| Etna Green        | Straughn      |
| Flora             | Tell City     |
| Frankfort         | Thorntown     |
| Frankton          | Tipton        |
| Gas City          | Troy          |
| Greendale         | Veedersburg   |
| Greenfield        | Walkerton     |
| Huntingburg       | Washington    |
| Jamestown         | Waynetown     |
| Jasper            | Williamsport  |
| Kingsford Heights | Winamac       |
| Knights town      |               |



- IMPA COMMUNITY
- IMPA GENERATION
- SOLAR PARK

\*Resources not owned by IMPA but fully dedicated to IMPA's load



COMMUNITY  
OWNED

CUSTOMER  
FOCUSED

PUBLIC  
POWER  
STRONG



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Carmel, Indiana 46032 317.573.9955

[www.impa.com](http://www.impa.com)