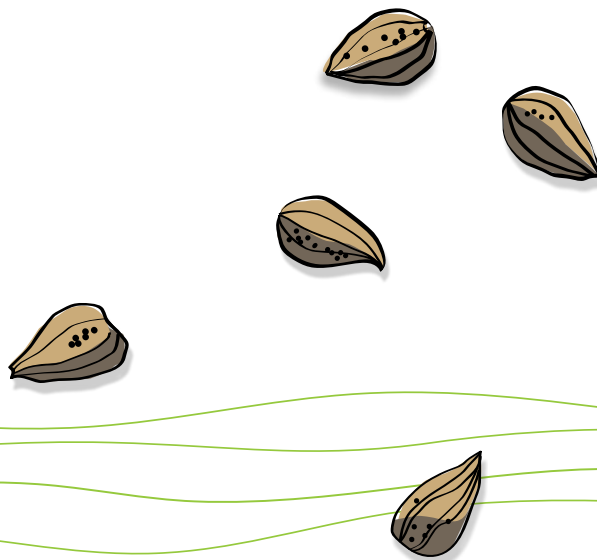


**Planting
Seeds**
**Fostering
Growth**

**IMPA 2018
ANNUAL REPORT**



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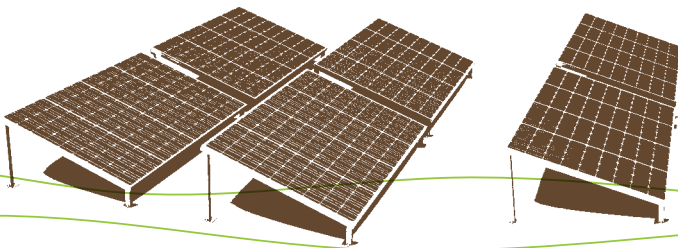
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**“Very early,
I knew that
the only
object in life
was to grow.”**

MARGARET FULLER

American Journalist



PRESIDENT'S MESSAGE

Growth begins with a seed. A single object or idea, carefully selected and nurtured to ensure vitality and sustainability. Under such circumstances, a small seed can change from something ordinary to something extraordinary.

IMPA grew from a singular concept—the idea of creating a single entity to enable a group of utilities to share power resources. For 35 years, IMPA and our member communities have nurtured that concept, helping the Agency to thrive, grow, and transform into the organization it is today.

Today, that growth is evident at IMPA, as 2018 saw us achieve a number of accomplishments. The foundation of our generation—our ownership interests in Gibson Station, Prairie State Energy Campus, and Trimble County, as well as Whitewater Valley Station, our combustion turbines, solar parks, and the Joint Transmission System—continued to serve our 61 member communities with reliable, low-cost, environmentally-responsible power. We expanded our diverse generation portfolio with the addition of three more solar parks. IMPA completed construction of parks in Advance, Rensselaer, and Richmond, adding approximately 12 megawatts of solar energy to our portfolio and bringing the Agency's solar portfolio to nearly 50 megawatts.

While growth can sometimes come at a cost, IMPA has been fortunate to pass along rate decreases to our member communities for three years in a row. The 1.1 percent decrease our members will see in 2019 is on top of the 5.25 percent they experienced in 2018, as well as the 1.05 percent decrease passed on to members in 2017.

Growth in the services IMPA offers occurred in 2018 as well. IMPA Service Corp, the Agency's engineering and distribution operations arm, expanded to begin offering distribution services to IMPA member communities. Providing operations and distribution management, emergency restoration, system engineering and planning, and tree trimming services, the Dedicated Services program now supports 11 municipal electric utilities in the state with the addition of Knightstown, Rockville, and South Whitley in 2018.

While these examples of growth are just a hint of all that IMPA achieved in 2018, they are shining examples of the success that can occur when an idea is brought to fruition. The seeds were planted, and IMPA and our members are now able to enjoy the fruits of those labors.

With every seed planted is the opportunity to spring new life, new goals, and new ambitions. As we close out 2018 and look forward to 2019 and beyond, we continue to sow the seeds of low-cost, reliable, and environmentally-responsible power for our member communities.



Rajeshwar G. Rao
RAJESHWAR G. RAO
President and CEO

Phillip R. Goode
PHILLIP R. GOODE
Chairman of the Board

**“Growth is
never by mere
chance; it is
the result of
forces working
together.”**

JAMES CASH “J.C.” PENNEY
*American Businessman
and Entrepreneur*



ESTABLISHING ROOTS

IMPA established its roots in 1983,

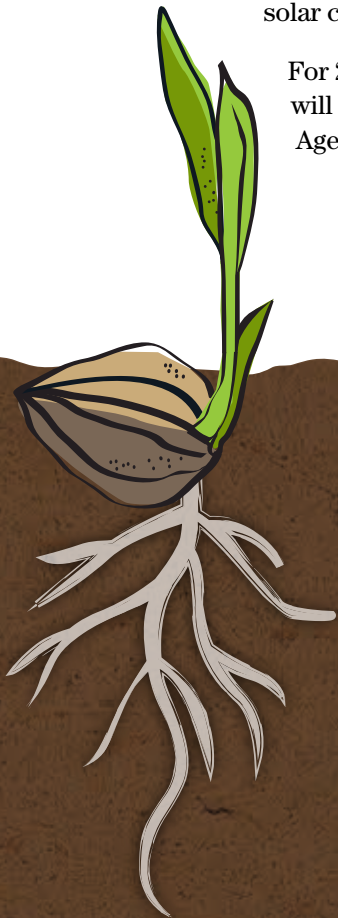
when it began serving the wholesale electric needs of 26 member communities. Just as a tree requires many roots to supply nutrition to all of its branches and leaves, IMPA's portfolio must be diversified to adequately serve and sustain its municipal electric communities. IMPA's power portfolio consists of generation fueled by coal, natural gas, wind, nuclear, and solar, all working together to supply low-cost, reliable, environmentally-responsible electricity to over 340,000 people in Indiana and Ohio.

As the Agency has done for several years, IMPA added to its solar portfolio in 2018 through the completion of three solar parks in Advance, Rensselaer, and Richmond. Although the smallest of IMPA's solar parks, the 240 kilowatt Advance Solar Park was a big addition to the community of only 500 people. In Rensselaer and Richmond, the 2018 solar parks joined ones already in existence. Rensselaer Solar Park 1 was one of the first parks IMPA constructed in 2014. With the completion of Rensselaer Solar Park 2, the community is now home to 4.8 megawatts (MW) of solar capacity. Richmond Solar Parks 1 and 2 combine to provide the community with 8.4 MW of capacity. With the addition of these parks, IMPA's portfolio now includes nearly 50 MW of solar capacity.







Whitewater Valley Station, Richmond, IN

For 2019, IMPA's growth will continue as the Agency plans to construct



IMPA RESOURCES

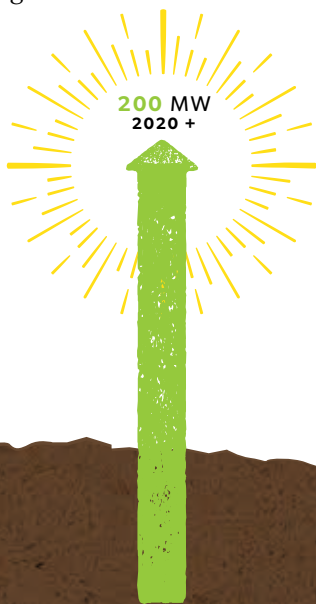
FACILITY TYPE	CAPACITY (MW)
 Coal-fired	615.0
 Natural Gas-fired	419.0
 Solar	48.2
 Purchased Power (nuclear, wind, etc.)	296.0
TOTAL	1378.2

additional solar parks in Crawfordsville, Darlington, Gas City, Richmond, Scottsburg, Tell City, and Tipton. IMPA anticipates that it will have nearly 88 MW of solar capacity when these projects are completed in 2019 and early 2020. The Agency plans to install nearly 200 MW of solar capacity over the next 10 years.

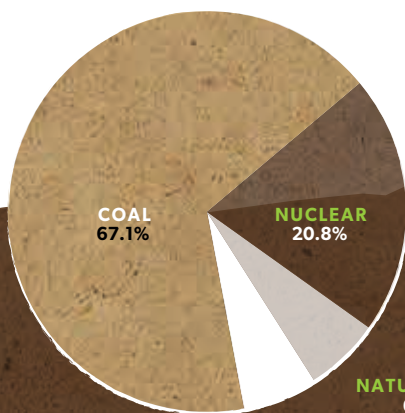
Advance Solar Park Ribbon Cutting, Advance, IN



IMPA continued efforts to improve financial savings in the solar parks it constructs 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 three 2018 solar 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 IMPA's power supply to its members for years to come. Overall, the sale of the parks improves financial savings to IMPA and its communities.



2018 IMPA FUEL MIX (MWH)



MW SOLAR CONSTRUCTED ANNUALLY

- FUTURE CONSTRUCTION
- UNDER CONSTRUCTION/PLANNED CONSTRUCTION
- OPERATIONAL

**“From a
small seed,
a mighty
trunk may
grow.”**

AESCHYLUS
Greek Dramatist



PHILLIP R. GOODE *Crum, Forstville*



GERALD L. SCHITTER *Jasper*



BRENT W. SLOVER *Linton*

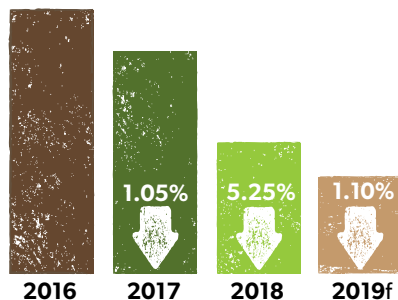
A STABLE BASE

The stability of a tree can be found in its trunk.

Unwavering and supportive, it holds the tree steady. For IMPA, stability is found in its low-cost, reliable, environmentally-responsible power supply.

For the third year in a row, IMPA's member communities will find stability in their rates, as the Agency announced a 1.1 percent decrease in wholesale rates for 2019. The rate reduction follows two years of rate reductions in 2017 and 2018 – 1.05 percent and 5.25 percent, respectively.

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 reduction in rates is attributable to IMPA's fiscal management and investments in generation and transmission projects over the last two decades. IMPA's strong financial position is backed by consistent A1/A+ ratings from Moody's, Standard and Poor's, and Fitch.



RATES

Three Years of Wholesale Reductions Totaling 7.40%

Among the lowest wholesale rates in the midwest



IMPA Senior Management

From left to right

- Frank Smardo**, Senior Vice President, Engineering
- Jack Alvey**, Executive Vice President and Chief Operating Officer
- Raj Rao**, President and Chief Executive Officer
- Chris Rettig**, Senior Vice President and Chief Financial Officer
- Peter Prettyman**, Senior Vice President and General Counsel



MICHAEL L. FRUTH
Greenfield

DR. STEVEN G. WALTZ
Rockville



JEFFREY L. LANE
SpiceLAND

RICHARD A. JUSTICE
Gas City

Executive Committee member not pictured:
Ray Young, Brooklyn

2018 Executive Committee

BRANCHING OUT

Just as trees grow taller and stronger, unfurling their branches to cover a wider area, IMPA has branched out from its original services to provide a variety of services to member communities.

Beyond power supply and transmission, the Agency seeks opportunities to support member communities in their daily operations. One of the many ways in which the Agency does this is through the Dedicated Services program, a service offered through the IMPA Service Corp, IMPA's operations and engineering subsidiary. IMPA began offering dedicated services to the communities of Advance, Brooklyn, Centerville, Dunreith, Frankton, Kingsford Heights, Lewisville, and Spiceland in 2017. In 2018, Knightstown, Rockville, and South Whitley joined the ranks and began receiving services as well. Under the service contracts, participating communities receive system maintenance, vegetation management, system engineering and planning, and outage restoration services. The members are able to decide which services they would like to receive, and they frequently communicate with IMPA to ensure their needs are met. For smaller communities, the Dedicated Services program has been integral to supporting the local electric distribution system.



IMPA Services Building
Spiceland, IN

As demand for IMPA's Dedicated Services program grew, the Agency established additional facilities to ensure faster response times by IMPA crews. Along with a recently built 6,400 square-foot service facility in Spiceland, IMPA is utilizing a 4,000 square-foot vacant facility in Advance, enabling crews to more quickly respond to service requests and emergencies in dedicated service communities.

2018 Board of Commissioners



MIKE C. JENNER
Edinburgh

TONY P. POCHARD
Anderson



C. SUE SAUNDERS
Lenoxville



G. DICK KLEIN
Tipton





**“We can
learn a lot from
trees: they’re
always grounded,
but never stop
reaching...”**

EVERETT MÁMOR



JACK T. CORRIE Frankfort



JOHN W. NORRIS Montezuma



OLIN S. CLAWSON Lincolnton



MICKEY J. MOORE Paoli

JIM L. CALDWELL Advance

“Someone is sitting in the shade today because someone planted a tree a long time ago.”

WARREN BUFFETT

American Businessman and Philanthropist



JAMES J. LINDSTORM, *Argos*

MAYOR STEPHEN A. WOOD, *Rensselaer*

BARRY K. LEWIS, *Wagnotown*

JOSHUA W. CHANCE, *Peru*

JAY M. STONEBURNER, *Bremen*

RANDALL L. EMONS, *Washington*

IMPA Monthly Workshops, Carmel, IN



The Agency continued offering monthly training sessions for IMPA member utility employees, addressing the training and education needs of hundreds of personnel throughout the state. IMPA's series of programs seek to impart necessary skills and knowledge to assist public power utility employees in performing their jobs dependably, efficiently, and safely. The monthly sessions are meant to meet the needs of all utility personnel, including field staff, engineering, management, and customer service personnel. IMPA is

continuing the educational workshops in 2019, covering topics such as disaster recovery, customer service, key accounts, metering, and maintenance programs.

IMPA also expanded and increased its use of social media as a way to communicate directly with those seeking to learn more about their community's wholesale power supplier. Using Twitter, Facebook, Instagram, YouTube, and LinkedIn, IMPA has implemented the channels to share information about the Agency's generation resources and member utilities, build awareness of public power, share various energy efficiency and electric safety tips, and promote IMPA's 61 member communities.

KEVIN S. STRICKLER *Williamsport*



DENNIS K. DIXON *Tell City*

DAVID B. DUDLEY *Dumeth*



FAITH A. WILLOUGHBY *Chalmers*

RAM N. REDDY *Blanchester*



“Learn character from trees, values from roots, and change from leaves.”

TASNEEM HAMEED

Author



GREG F. GAVLEN, Darlington

NATHAN D. ULERICK, Dublin

KARI A. MOSS, Kingsford Heights

TIM A. MCCLENTICK, Pendleton

BERNARD W. LINNE, Troy

SHAWN E. LIGKEY, Columbia City

LEAVES OF GREEN

With the changing of seasons from winter to spring, buds sprout forth from tree branches. No matter the age of the tree, the process of renewal occurs again and again. For IMPA, this renewal can be found in the renewable generation providing power to many of the Agency's member communities, as well as IMPA's adoption and advancement of technologies powering the way to the future.

IMPA always tries to stay at the forefront of technologies that support renewable energy efforts, including the advancement of electric vehicles (EV) and EV charging technologies.

Transportation electrification is a win/win situation, providing benefits to utilities, customers, and society. For utilities, it is a chance to offer new products and services to customers as the spectrum of energy usage changes.

Customers benefit from the savings they can realize in fuel costs, and society sees fewer emissions from gas-powered vehicles. In 2018, the Agency entered the world of electric vehicles by purchasing a Chevy Bolt. The vehicle, powered completely by electricity, has a range of up to 220 miles at full charge. The vehicle provides IMPA and its member utilities a unique opportunity to demonstrate the viability of electric vehicles and EV charging stations to retail customers.



By 2025, the U.S. Energy Information Administration projects that sales of electric vehicles will account for up to nine percent of light-duty vehicle sales. As more and more electric vehicles hit the road, the need for charging stations to power them will grow as well. To assist in meeting this growing need, IMPA and IMPA Service Corp are working with member utilities to establish charging stations throughout the state.

IMPA installed two charging stations at the Agency's conference center as a means to share knowledge with member communities on station options and to encourage their use. IMPA installed Level 2 and Level 3 ChargePoint charging stations. The Level 2 station, typically placed at workplaces and homes, gives electric vehicle operators a place to charge their car over the period of several hours.

The Level 3 charger, or the "fast charge" station, offers faster charging for people who are not able to wait a longer period of time for their vehicle to charge.



DANIEL W. WANDERSEE
Centerville



GARY D. MOODY
Thornbourn



LISA M. COREY
Frankton

IMPA extended its support of renewable energy for 2019, as well, as the Agency reduced its green power premium by more than 75 percent. The reduction makes it even easier for consumers to support green energy in their communities at a fraction of the cost. Customers participating in the program through their local IMPA member utility have the opportunity to make green power an everyday part of their energy use.

“The creation of a thousand forests is in one acorn.”



RALPH WALDO EMERSON
American Essayist and Poet



RANDY W. BAKER
Richmond

RON FRITZ
Flora



Mayor WILLIAM H. GRAHAM
Scottsboro



BRAD J. ZELLERS
Winona



Mayor ALAN K. WEISS
Greenville

2018 Commissioners not pictured:

Chad B. Oliver, Bainbridge
Niki A. Balish, Bargsville
Steve L. Putt, Brookston
Mayor Bradley D. Crain, Covington
Barry J. Baker, Etna Green
Bobby L. Taylor, Jr., Jamestown

Bob J. Reed, Knightstown
James B. Cox, Ladoga
N. Mike Whitman, Lebanon
S. Troy Elless, New Ross
Jason B. Love, Pittsboro
Shawn Guidice, Rising Sun

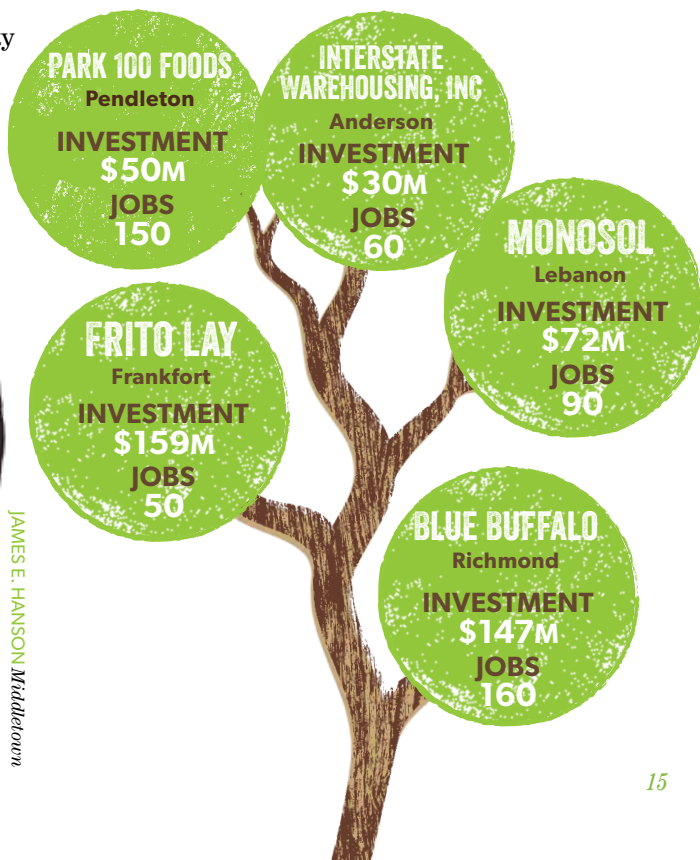
Randall C. Cokl, South Whitley
Stacy L. Smith, Straughn
Keith K. Smith, Veedersburg
Kathryn Tiede Chrapliwy, Walkerton

PLANTING A FOREST

One tree can be just the beginning. When it comes to economic development, it often takes just one investment in a community to spur larger growth and development for the future. IMPA and its member utilities play a key role in economic development in public power communities, as they work with businesses to provide low electric rates, reliable power, and unparalleled customer service.

IMPA communities were the beneficiaries of many exciting economic development announcements in 2018, totaling over half a billion dollars of investment and creating hundreds of jobs. In Frankfort, Frito Lay announced a \$159 million investment to add two new snack lines at its existing facility. The addition includes 210,000 square-feet of space and employment opportunities for the community. In Anderson, Interstate Warehousing invested \$30 million in the community to construct a new cold storage warehouse facility. The facility created 60 jobs for the city once construction was complete. Pendleton also saw growth in the community when Park 100 Foods announced a decision to construct a facility in the community's Falls Pointe Business Park. Once complete, the \$50 million production facility could employ up to 150 people. MonoSol, a manufacturer of water-soluble films for single-dose laundry and dishwasher detergents, broke ground on a new manufacturing facility in IMPA member community Lebanon, as well. The \$72 million, 150,000 square-foot facility should be complete in 2020 and could employ up to 90 workers.

Municipal electric communities attract and retain businesses based on the merit of their services, but IMPA has also equipped them with an additional tool – the Economic Development Rider. The Rider, applicable to new loads for existing and prospective electric customers, provides a discount on their electric bill for a five-year period if the customers meet certain incentive criteria. Businesses seeking to utilize the economic development incentive must add at least one megawatt of connected electric load at one facility and invest at least \$1 million at that same location. In 2018, IMPA welcomed the first business to qualify for the Economic Development Rider since it was passed in 2017 – Blue Buffalo in Richmond. The pet food company invested \$147 million in the community and completed construction on a 400,000 square-foot facility that produces dry food and is the company's second manufacturing facility. Once fully staffed, the pet food plant could employ 160 individuals and add 7 MW of electric load for the public power community.



JOHN S. REUTEPOHLER Huntington



LINDA S. STODDARD Coatesville



JAMES E. HANSON Middletown

FINANCIAL HIGHLIGHTS

2018 Annual Operating Results

Operating revenues, which are composed of sales to municipalities and other revenues, increased approximately \$37.7 million (8.9%) compared to 2017. Energy sales in kilowatt hours (kWh) to members increased approximately 4.5% in 2018 compared to 2017 as a result of cooler winter temperatures and warmer summer temperatures. The average accrued cost per kWh for 2018 was 7.12 cents, an approximate 3.8% increase compared to 2017.

As a result of higher energy (kWh) sales, total operating expenses increased approximately \$25.6 million (7.3%) in 2018 compared to 2017. Total 2018 non-operating expenses decreased approximately \$2.4 million (5.0%) in 2018 compared to 2017.

Utility plant increased approximately \$6.6 million in 2018. Capital additions were approximately \$72.2 million. Net retirements and other adjustments in 2018 were approximately \$21.9 million. Depreciation expense was approximately \$43.7 million.

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

	2018	2017
Sales to municipalities	\$ 453.9	\$ 418.5
Other revenues	7.2	4.9
Total Operating Revenues	461.1	423.4
Purchased power, fuel and production expenses	236.2	230.0
Transmission and local facilities	45.6	42.9
Other operating expenses	96.3	79.6
Total Operating Expenses	378.1	352.5
Total Operating Income	83.0	70.9
Interest expense	59.8	56.4
Interest income	(4.9)	(1.9)
Other non-operating income	(9.5)	(6.7)
Total Non-Operating Expenses (Income)	45.4	47.8
Change in Net Position	37.6	23.1
Net Position at Beginning of Year	323.0	299.9
Net Position at End of Period	\$ 360.6	\$ 323.0

During 2018, IMPA entered into engineering, procurement and construction contracts for the development and construction of solar parks. 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 six years. The combined present value savings from these transactions was approximately \$5.5 million.

Debt service coverage for 2018 was 1.41 times. The Agency's bond resolution requires debt service coverage to be at least 1.10 times.

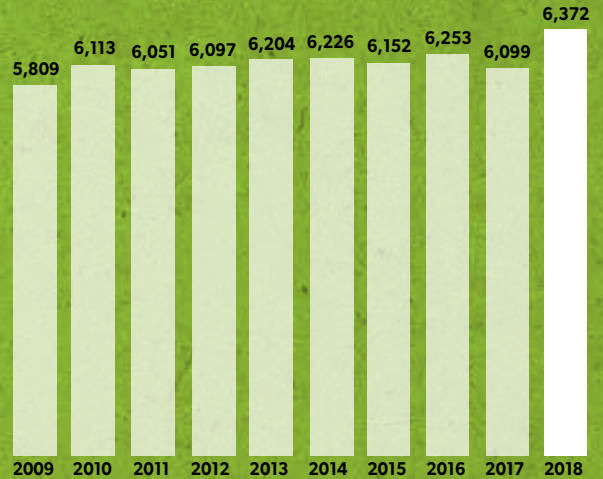
Condensed Consolidated Statements of Net Position (\$ millions)

	2018	2017
Utility plant, net	\$ 1,237.8	\$ 1,231.2
Cash and investments	358.5	350.2
Other current assets	112.0	120.6
Deferred outflows	177.3	181.0
Total Assets	\$ 1,885.6	\$ 1,883.0
Net investment in capital assets	(118.7)	(162.0)
Restricted	143.1	167.8
Unrestricted	336.2	317.2
Total Net Position	360.6	323.0
Non-current liabilities	1376.0	1,410.7
Current liabilities	149.0	149.3
Total Liabilities	\$ 1,525.0	\$ 1,560.0
Total Net Position and Liabilities	\$ 1,885.6	\$ 1,883.0

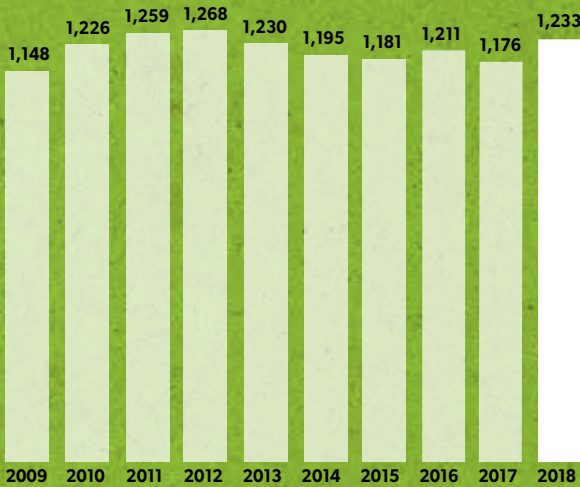
2018 Financial Highlights



Cost per Kilowatt-Hour to Members
(Cents/kWh)



Kilowatt-Hour Sales
(in millions)



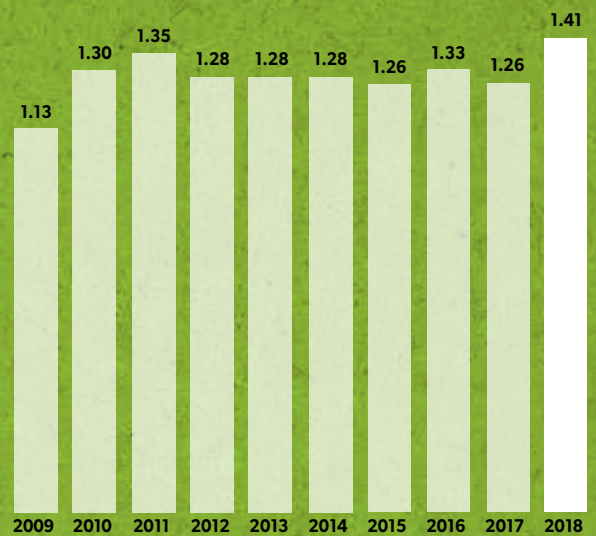
Non-Coincident Peak Demand
(MW)



Sales to Municipalities
(\$ millions)



Net Income
(\$ millions)



Debt Service Coverage
(Times)

*Includes transfers from Rate Stabilization Fund for 2009



IMPA Member Communities

Advance
Anderson
Argos
Bainbridge
Bargersville
Blanchester
Bremen
Brooklyn
Brookston
Centerville

Chalmers
Coatesville
Columbia City
Covington
Crawfordsville
Darlington
Dublin
Dunreith
Edinburgh
Etna Green
Flora

Frankfort
Frankton
Gas City
Greendale
Greenfield
Huntingburg
Jamestown
Jasper
Kingsford Heights
Knightstown

Ladoga
Lawrenceburg
Lebanon
Lewisville
Linton
Middletown
Montezuma
New Ross
Paoli
Pendleton
Peru

Pittsboro
Rensselaer
Richmond
Rising Sun
Scottsburg
South Whitley
Spiceland
Straughn
Tell City
Thorntown

Tipton
Troy
Veedersburg
Walkerton
Washington
Waynetown
Williamsport
Winamac

**“A man doesn’t
plant a tree
for himself.
He plants it
for posterity.”**

ALEXANDER SMITH

Scottish Poet and Essayist

Thirty-five years ago, IMPA began with a single idea, a single seed. IMPA’s forefathers established the Agency in the hope that it would endure the test of time, continuing to supply municipal electric communities with low-cost, reliable, environmentally-responsible power. While many of those that planted the initial seed are no longer here to see what the Agency has grown to become, the fruits of their labors are being enjoyed by 61 communities and over 340,000 customers in Indiana and Ohio. For 35 years now, and for many years to come, IMPA will continue to sow the seeds of low-cost, reliable, environmentally-responsible power.





“...a single idea, a single seed...”



IMPA

11610 North College Ave. | Carmel, Indiana 46032 | 317.573.9955

impa.com