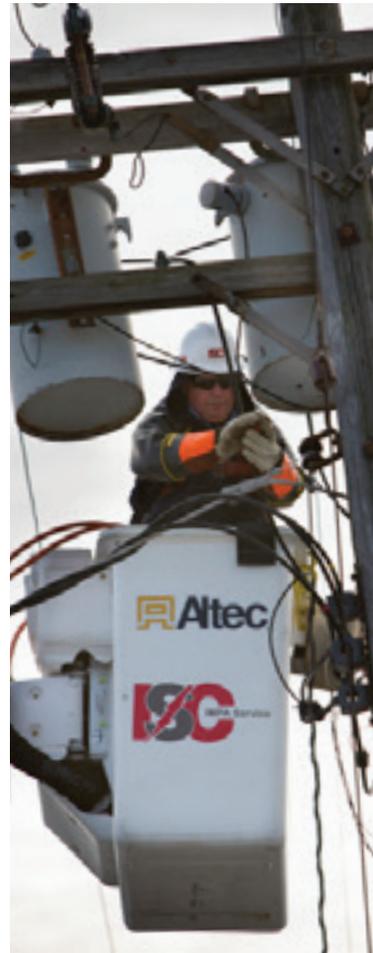




IMPA STRONGER BETTER
T60GETHER



T60G



ETHEER

Table of Contents

Message to Members	1
Stronger Resources	4
Better Services	6
Working Together	13
IMPA Member Communities	16
Board of Commissioners & IMPA Staff	17
Financial Highlights	20

STRONGER

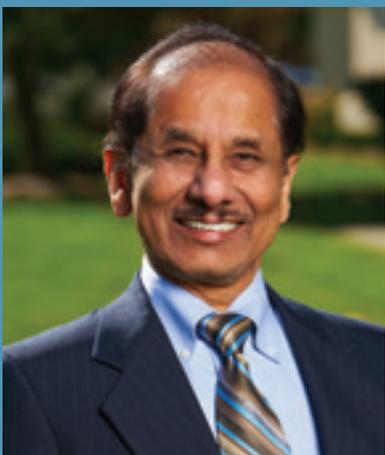
BETTER

60



STRONGER. BETTER. TOGETHER.

While the Indiana Municipal Power Agency (IMPA) has been in operation for over 30 years, the Agency has evolved from our early days.



Raj Rao, President and CEO

Our mission – to provide low-cost and reliable power to the communities we serve – has not changed, but we have adapted to changing times and circumstances to continue to meet that goal. We are a stronger and better organization than we were 30 years ago, and we owe that positive growth to the partnership we have with our members. **All that we have done and accomplished in 30 years, we have done together.**

“Strength in numbers”

has always been the basis of IMPA’s existence, from the first time 11 municipally-owned communities got together to discuss forming a joint action agency. That mantra served us well in 2013 as we continued strengthening IMPA’s core business as well as our ancillary services to meet the needs of member communities. Nowhere is that strength more evident than in IMPA’s diverse generation portfolio. In 2013, IMPA celebrated the most recent addition to its generation portfolio, the Prairie State Energy Campus, on which construction was completed at the end of 2012. IMPA’s diverse portfolio has expanded over the years to include generation fueled by coal, natural gas, fuel oil, nuclear, wind and solar. With Prairie State’s addition to our generation portfolio complete, and plans to add other generation already in the works, IMPA is poised to reliably serve the needs of member communities for years to come.

We also took steps to ensure that we are a better resource for our member utilities, and they for their communities. Though power supply and transmission remain IMPA’s core business, our commitment to our member communities does not stop there. Over the past three decades, IMPA has provided our members with economic development, marketing, communications, government relations and rate-related services.

(cont’d on next page)



ISC IMPA Service

Additionally, in the early 2000's IMPA developed a service subsidiary – ISC – to provide municipal electric utilities with low-cost engineering, construction and management services. **ISC's available services expanded tremendously in 2013 when the ISC Operations Division was created, offering IMPA's member utilities competitively-priced assistance with system management, distribution utility services, outage restoration and substation maintenance.** By year's end, the ISC Operations line crew was already hard at work doing their part to better the distribution systems in many member communities and help out when local emergencies occurred.

Together, IMPA and the 60 utilities we serve have accomplished a great deal, both in 2013 and throughout our history. Just as public power utilities are staffed by individuals in the community, friends and neighbors working together to serve other friends and neighbors, IMPA and its member utilities work with one another to reliably serve customers throughout the state. Whether it is through shared resources, shared services, or shared stories, working together leads to greater success for our Agency and our communities.



Marlow Smethurst, Chairman of the Board

Throughout our history, we have grown stronger and better. And we will continue to do so well into the future – together.



T60GETHER

Raj R. Rao

Raj Rao President and CEO

Marlow J. Smethurst

Marlow Smethurst Chairman of the Board

STRONGER RESOURCES

IMPA's strength lies in its core business of supplying a wholesale power supply to municipally-owned utilities. At any and all times, IMPA seeks to provide a low-cost, reliable and environmentally responsible power supply, which the Agency accomplishes through a diverse mix of resources that include units fueled by coal, natural gas, fuel oil, nuclear, wind and solar. In 2013, IMPA celebrated the addition of Prairie State Energy Campus into that diverse mix.



The Prairie State Energy Campus is part of IMPA's diverse power supply portfolio, which includes generation fueled by coal, natural gas, fuel oil, nuclear and wind. Soon, the Agency will add solar to its portfolio as well.

The 1600 megawatt (MW) mine-mouth coal-fired Prairie State plant, on which construction was completed in late 2012, was officially celebrated by representatives of its eight, public power owners in May, 2013. The plant will supply approximately 200 megawatts (MW) of power to IMPA's member communities for decades to come.



Representatives from IMPA and its member communities visit the Prairie State Energy Campus in May, 2013.

Coal-fired generation has played and will continue to serve an integral role in IMPA's power supply portfolio, yet it is not the only resource on which the Agency relies. IMPA prides itself on employing resources powered by a diverse array of fuels. While the Prairie State Energy Campus, Gibson Station and Trimble County Station serve as the Agency's baseload coal-fired resources, the Agency also holds ownership in seven combustion turbine peaking units fueled by oil and/or natural gas. Additionally, renewable energy resources are beginning to play an even larger role in the Agency's portfolio. Wind has been a part of the Agency's portfolio for several years, and in 2013, IMPA made the decision to incorporate solar as an additional energy resource in the Agency's portfolio.

In May, the IMPA Board of Commissioners voted to construct three solar parks in member communities around the state. And the Agency is already beginning to plan the expansion of the program to include additional solar installations in member communities around Indiana.

Each of the three initial solar parks will provide one MW of power, which will directly connect to the member community's distribution system and become part of IMPA's power supply portfolio. The first solar parks will be located in the IMPA member communities of Frankton, Rensselaer and Richmond, Indiana. The Frankton and Rensselaer sites will house fixed-tilt panels, which are permanently mounted at 25 degrees from horizontal to maximize annual energy production. The Richmond solar park will include single axis tracking panels that track with the sun as it rises in the east and sets in the west. This type of system

will allow the Richmond site to achieve a higher daily production than can be obtained with the fixed-tilt system. While tracking solar panels come with added equipment expense and installation costs, they also deliver more energy production than the fixed tilt array. IMPA worked with member communities to secure the necessary permits and land needed to install the solar parks. Construction on the Frankton and Rensselaer sites began in late December. Both of those sites are expected to be completed in April, 2014. The Richmond solar park is expected to be complete in May, 2014.



Solar parks being constructed in three IMPA member communities will be added to IMPA's generation portfolio in 2014.

IMPA's portfolio is further strengthened through the inclusion of energy efficiency and conservation. In 2013, IMPA offered several energy efficiency programs to residential, commercial and industrial customers throughout the state that collectively saved 30 million kilowatt-hours (kWh) of energy. Perhaps the greatest component of the program was the education it provided to consumers. Not only were consumers given energy efficient materials to decrease their energy usage, they were also enlightened to the many ways they can conserve energy and reduce their consumption. IMPA's energy efficiency program for 2014 includes prescriptive rebates for commercial and industrial customers in the areas of lighting, heating, ventilation and air conditioning, variable frequency drives and refrigeration, food service and controls. Residential customers also have the opportunity to earn rebates on approved heating, ventilation and air conditioning energy efficient improvements.

BETTER SERVICES

IMPA has always strived to be ahead of the curve in meeting and exceeding member needs. Throughout the years, IMPA has added a variety of services beyond power supply and transmission. While supplying wholesale power to municipally-owned utilities remains the Agency's core business, IMPA has sought ways to bolster its offerings with additional value-added services, providing an even better membership experience to municipal electric utilities.

Jobs, such as those at Timberland Resources in Montezuma, Indiana, not only benefit the community, but the state and IMPA as well. IMPA offers a wide range of services to member communities, including economic development support to encourage local investment and job creation as well as business retention and expansion.

From the establishment of ISC's not-for-profit engineering and operations services to government relations assistance and economic development support, IMPA looks to assist its members in many facets of their community's existence.

IMPA works closely with state, regional and local economic development teams to help sustain the existing commercial and industrial base and to bring more investment to member communities.

By highlighting the benefits of public power communities, IMPA can bring additional visibility to its member cities and towns.



Company representatives and employees cut the ribbon for Keihin's new US headquarters in Anderson, Indiana, one of several new businesses to open in an IMPA member community in 2013.



Representatives from Huntingburg, Indiana (Main Street pictured) were among the many participants who attended an IMPA downtown workshop to gather ideas on bolstering development and growth in the community.

Jobs, improved quality of life and a broader tax base are not only good for Indiana's communities and the state, but for IMPA as well. In fact, the diversity of IMPA members' industrial base helps tell the story of the financial stability of IMPA to rating agencies. The Agency offers a variety of programs designed to assist communities in being more sustainable. Some such programs and workshops, including IMPA's downtown workshop, gave personnel from member communities the ideas and impetus needed to jump start and sustain local development efforts in their hometowns. By learning from industry experts as well as hearing success stories from other communities, attendees of the workshop left with concrete ideas that could be implemented in their communities to bolster future growth and development.

Other programs, like IMPA-organized sales trips to Ohio, Georgia and South Carolina, took local and regional economic development officials directly to site selection consultants that work with companies in searching for a place to locate. The purpose of the trips was to foster relationships with key site selector consultants and share information about the competitive advantages of IMPA's municipal electric communities, including their low-cost, reliable electricity, educated work forces, high quality of life, low taxes and close proximity to major markets. IMPA also helped facilitate more outreach to the existing industrial base in 2013, hosting a business retention and expansion reception in connection with the Indiana Economic Development Corporation and offering opportunities for large customers to attend industry training sessions.



The new ISC Operations Division offers support in the areas of system management, utility distribution services, outage restoration and substation maintenance to IMPA member utilities.

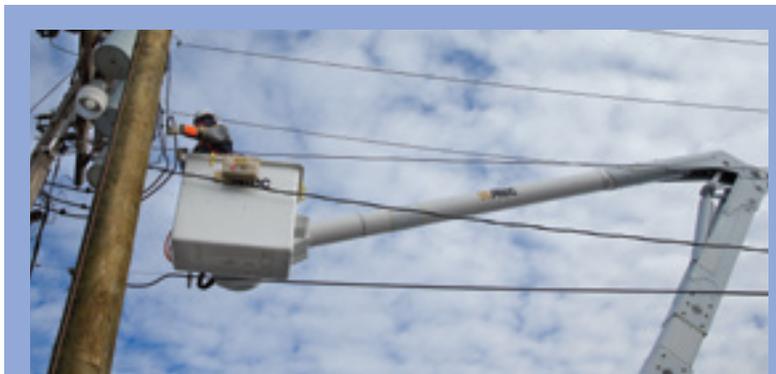
IMPA also celebrated another success story in 2013 – the launch of the ISC Operations Division.

ISC first began providing engineering and management services in March of 2001, and quickly became an invaluable resource to municipal electric utilities throughout the state. The premise behind ISC’s development was to bring the benefit of economies of scale using in-house staff to complete engineering services, much like IMPA had already done with providing a wholesale power supply. ISC’s Engineering Division offers everything from project management services and substation design to spill prevention plans, rate studies and regulatory compliance services.



ISC's new Operations Division offers a variety of services to member communities, including distribution services and outage restoration.

As IMPA’s membership has grown to include a diverse group of members, with populations ranging from 250 to over 60,000, so has the diversity of their needs. Many of Indiana’s smaller municipal electric utilities face the challenges of recruiting and maintaining full-time, in-house staff to perform electric line services or just need assistance from time to time. To better support municipally-owned utilities, ISC expanded its services to meet the needs of those members. ISC invested in field equipment to prepare for the added services, including two bucket trucks and a digger derrick, and hired a line crew of four journeymen linemen and a crew foreman with plans to add an additional crew in 2014. The ISC Operations Division offers services to municipal utilities in the areas of system management, utility distribution services, outage restoration and substation maintenance. **By year’s end, ISC’s Operations Division had already completed projects and provided much needed support to utilities in several member communities with proposals in place to assist many additional utilities in 2014.**





IMPA's expanded office complex will include a new conference center that will serve as the future location of the Agency's board meetings.

As IMPA's membership and services have grown throughout the years, so has the Agency's staff grown to accommodate the expanded membership and service needs. With additional personnel came the need for additional space so that the Agency's talented employees could better serve the needs of members. A growth opportunity presented itself to the Agency when the facility to the north of IMPA's current headquarters went up for sale. IMPA purchased the building with plans to renovate it for use as office space. Additionally, construction plans call for a conference center to be built adjacent to both buildings. The conference center will become the new location for the Agency's board meetings and other IMPA gatherings and functions. The space will accommodate more people and will also feature technological upgrades that will better suit the needs of IMPA and its member communities. At year's end, IMPA was in the early design stages of the project. It is expected that construction on the facilities will begin in early 2014 with completion scheduled for 2015.



While IMPA has increased its service offerings to members, the Agency knows its work is not complete. With a growing membership base and changing times, the needs of municipal electric utilities and the communities they serve are constantly changing as well. IMPA relies on input and direction from its Board of Commissioners, as well as constant communication with other community personnel, to glean what other ways the Agency can assist its communities and continue to help them grow and adapt.

IMPA SERVICES

IMPA's value-added services go beyond power supply and transmission to assist member communities in a variety of areas:

- *Engineering, Rates & Consulting Services*
- *ISC Operations Division*
 - System Management*
 - Distribution Utility Services*
 - Outage Restoration*
 - Substation Maintenance*
- *Energy Efficiency*
- *Marketing and Communications*
- *Government Relations*
- *Legal & Regulatory*
- *Economic Development*



In 2013, Montezuma became the 59th Indiana community to join IMPA as a member.



WORKING TOGETHER

Founded on the concept of joint action, IMPA opened its doors in 1983 with 26 municipal electric utilities as the Agency's first members. Over 30 years later, that foundation has not changed. The concept of working together to achieve success remains a core value of municipal utilities throughout Indiana.

Montezuma joined the ranks of 58 other public power utilities in Indiana when it became a member of IMPA in 2013. As a member, the community will not only receive a reliable, low-cost power supply, but will have access to IMPA's service offerings and the benefit of working together with other municipal utilities throughout the state.

IMPA's municipal utility members also banded together when federal regulations emerged that could greatly impact the price of electricity in the Midwest. The Environmental Protection Agency has proposed several major rules impacting the generation of electricity, including the Mercury and Air Toxins Standard rule as well as the Greenhouse Gas New Source Performance Standards for new power plants. Both rules raise grave concerns in Indiana and the Midwest, where coal accounts for a significant portion of electricity generation. These rules have the potential to drastically increase electricity costs for utility customers throughout the state, hurt Indiana's businesses and place jobs at risk. IMPA continues to participate in the shaping of such regulations, as well as monitoring them and their potential impact on Indiana's municipal utilities.



Representatives from IMPA and its member communities visit legislators in Washington, D.C. regularly to discuss issues and build relationships.

Public power utilities were originally created to give electric consumers an alternative resource to profit-oriented utilities. At its core, public power means low-cost, reliable and environmentally responsible power, and it is the business model for over 2,000 utilities throughout the nation. However, it also represents local, hometown service, employment, a neighborly face and a sense of pride. Working together, public power utilities are business energizers, community drivers, and value instillers. Moreover, they are also protectors of their customers and guardians of their communities, not only serving their customers, but contributing to and protecting the economic viability of their communities.

As IMPA closes the book on 2013, the Agency and its members can reflect on a year of great change and great success. While accomplishments are celebrated, the work is never over for the Agency or its members. Together, IMPA and its members will continue to explore ways to grow and strengthen municipal electric communities around Indiana. Together, the wealth of services offered to members and by members to their customers will continue to grow and adapt, always with the plan of better serving customers at the forefront. Together, IMPA and its municipal utility members will strive for the values of public power and ensure they emanate through every fiber of service.

In Indiana, IMPA and its member communities represent the strongest resources available, supporting a network of better services and communities working together to drive community vitality and instilling value and pride throughout Indiana.

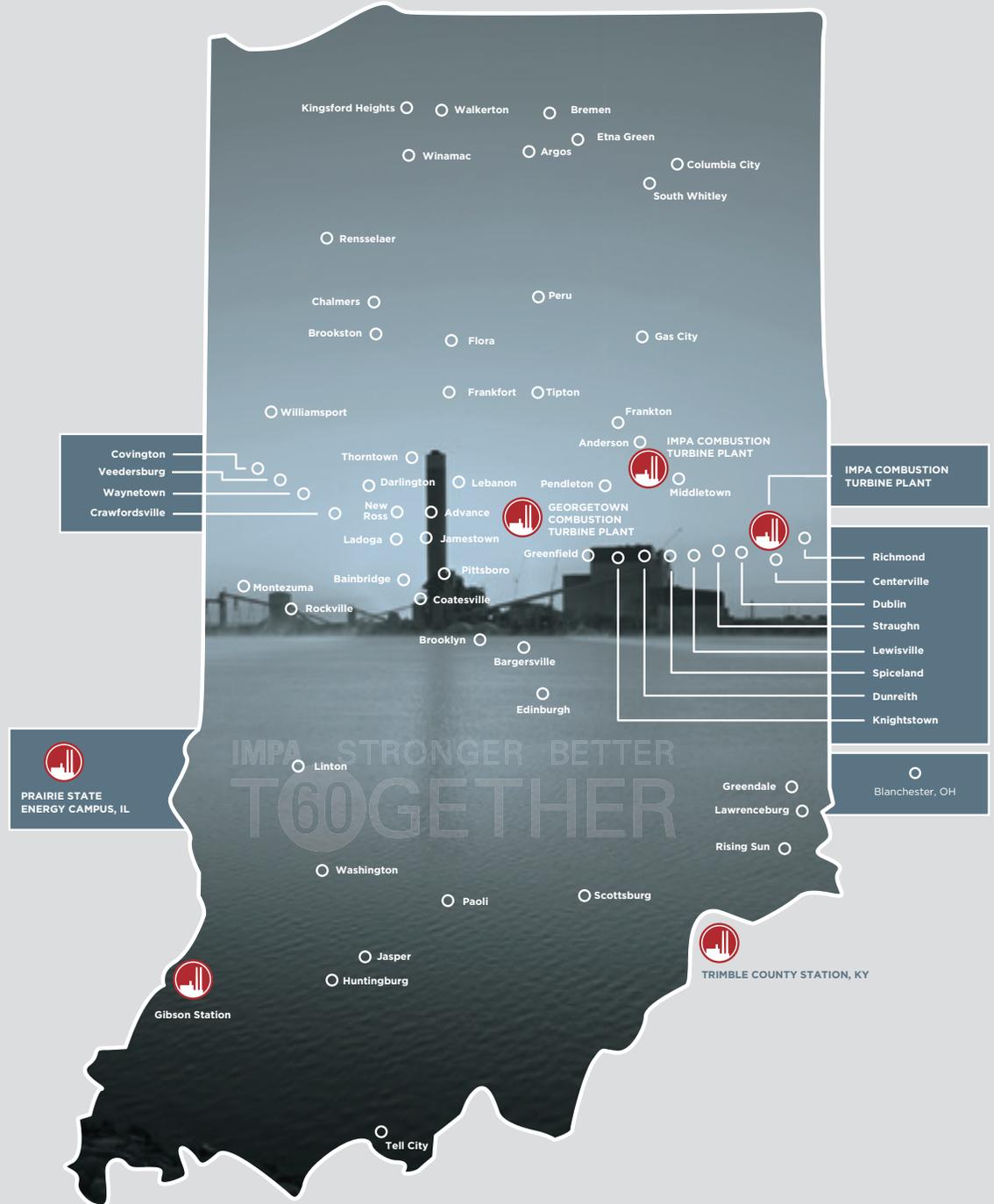


IMPA STRONGER BETTER
T60GETHER



IMPA MEMBER COMMUNITIES

- Advance
- Anderson
- Argos
- Bainbridge
- Bargersville
- Blanchester, OH †
- 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
- Rockville
- Scottsburg
- South Whitley
- Spiceland
- Straughn
- Tell City
- Thorntown
- Tipton
- Veedersburg
- Walkerton
- Washington
- Waynetown
- Williamsport
- Winamac



IMPA Owned Generating Facilities

Facility	Unit Type	Fuel Type	Capacity (MW)
Richmond	Combustion Turbine	Natural Gas/Oil	82
Anderson	Combustion Turbine	Natural Gas/Oil	167
Georgetown Units 2 & 3	Combustion Turbine	Natural Gas	170
Gibson Unit 5	Steam	Coal	156
Trimble County Units 1 & 2	Steam	Coal	162
Prairie State Units 1 & 2	Steam	Coal	206

† Wholesale Power Customer





2013 IMPA Board of Commissioners and IMPA Staff*

- 1 Sue Saunders – Lewisville[^]
- 2 Ray Young – Brooklyn[^]
- 3 Ray Smith – Gas City[^]
- 4 Chuck Everett – Flora[^]
- 5 Brent Slover – Linton[^]
- 6 Raj Rao – IMPA President and CEO
- 7 Marlow Smethurst – Tell City^{+ ^}
- 8 Jeff Lane – Spiceland[^]
- 9 Dave Reep – Tipton[^]
- 10 Phil Goode – Crawfordsville[^]
- 11 Rosalie Jacobs – Kingsford Heights
- 12 Anita Ash – Washington
- 13 Steve Miller – Frankfort
- 14 Mayor Brad Crain – Covington
- 15 Jim Hanson – Middletown
- 16 Richard Denney – Winamac
- 17 Jay Norris – Montezuma
- 18 Roger Merriman – Peru
- 19 Greg Neice – Knightstown
- 20 Bob Hartman – Greendale
- 21 Beverly Stout – Waynetown
- 22 Tom Donoho – Anderson
- 23 Sue Bovard – Rising Sun

- 24 Phil Mahoy – Darlington
- 25 Kackie Chrapliwy – Walkerton
- 26 Ram Reddy – Blanchester, OH
- 27 Steve Wingler – Coatesville
- 28 Lisa Corey – Frankton
- 29 Mayor Bill Graham – Scottsburg
- 30 Nathan Ulerick – Dublin
- 31 Max Eldridge – Brookston
- 32 David Wilkinson – South Whitley
- 33 Mayor Stephen Wood – Rensselaer
- 34 Mike Martin – Lebanon
- 35 Mike Jenner – Edinburgh
- 36 Dr. Steven Waltz – Rockville
- 37 Jim Robbins – Etna Green
- 38 Jay Stoneburner – Bremen
- 39 Jim French – Richmond
- 40 Gene Kates – Centerville
- 41 Jerry Schitter – Jasper
- 42 Shawn Lickey – Columbia City
- 43 Troy Elles – Bainbridge
- 44 Jason Love – Pittsboro
- 45 Gary Moody – Thorntown
- 46 Dick Briles – Williamsport
- 47 Michael Fruth – Greenfield
- 48 John Reutepohler – Huntingburg

Commissioners not pictured:

- Jeremy Ferguson – Advance
- Jamie Lindstrom – Argos
- Kevin McGinnis – Bargersville
- Perry Hughes – Chalmers
- Robin Rose – Dunreith
- Bobby Taylor, Jr. – Jamestown
- Jim Cox – Ladoga
- Mel Davis – Lawrenceburg
- Rebecca Lowe – New Ross
- Gary Barnett – Paoli
- Doug McGee – Pendleton
- John Hart – Pittsboro
- Stacy Smith – Straughn
- Ken Smith – Veedersburg

IMPA Staff

- 49 John Lloyd
- 50 Kerry Vincent
- 51 Eric Burch
- 52 Frank Smardo
- 53 Larry Brown
- 54 Bev Matthews
- 55 Doug Buresh
- 56 Mike Malguarnera
- 57 Andrew Despain

- 58 Kyle Brouillette
- 59 Jane Hemmerlein
- 60 Phil Lopresto
- 61 Sondra Brosmer
- 62 Maria Grossman
- 63 Dan Jervis
- 64 Tammy Rains
- 65 Shanah Tran
- 66 Lezli Lingerfeldt
- 67 Audra Legge
- 68 James Welsh
- 69 Matt Andryuk
- 70 Jacki Hall
- 71 Rob Rucker
- 72 Ben Hocking
- 73 Keith Priddy
- 74 Susan Reed
- 75 Tom Connell
- 76 Niki Dick
- 77 Bill Castrodale
- 78 Rob Doty
- 79 Steve Esarey
- 80 Jack Alvey
- 81 Carolyn Wright
- 82 Emily Atwood

- 83 Chris Rettig
- 84 Joel Roper
- 85 Dan Worl
- 86 Rick Hocking
- 87 Scott Berry
- 88 Cathy Rudd

Staff not pictured:

- Steve Brown
- Ryan Daugherty
- Mel Denton
- Alex Jervis
- Brian Markley
- Alan New
- Joe Schmidt
- Don Summitt
- Corby Unroe

[^] Executive Committee Member
⁺ Chairman of the Board
^{*} at December 31, 2013



2013 Operating Results

Operating revenues, which are composed of sales to municipalities and other revenues, increased approximately \$30.4 million (7.5%). The primary drivers of increased operating revenues were higher energy sales and higher average rates. The average accrued cost per kilowatt hour (kWh) for 2013 was 7.0 cents, a 6.1% increase compared to 2012.

IMPA's billing demand in 2013 was 12,093 megawatts and energy sales to members were 6,204 million megawatt-hours, a 4.1% and a 1.8% increase compared to 2012, respectively. Demand and energy sales are impacted by summer and winter temperatures, the economic condition of IMPA's members and the addition of new members. While IMPA's annual system peak was down approximately 2.3% as a result of cooler 2013 temperatures in June and July, overall cooler temperatures in the winter and warmer temperatures during the other months resulted in higher energy and demand sales during those months. IMPA's members continue to see improvement in their local economies. And during 2013, IMPA began serving two new member communities, New Ross and Montezuma, Indiana.

Expenses, including debt service increased approximately \$29.9 million, an approximate 7.8% increase compared to 2012. During 2012, Prairie State Units 1 and 2 were placed in service. Prairie State Unit 1 was placed in service on June 6, 2012 and Unit 2 was placed in service on November 3, 2012. 2013 was the first full year of debt service on Prairie State Units 1 and 2.

During 2013, the Agency issued the 2013 Series A Bonds (the "2013 Bonds"). The 2013 Bonds were issued for the purpose of refunding certain 2009 Series B Bonds (the "Refunded Bonds") and to provide \$50 million of cash proceeds for future capital improvements. The refunding of the Refunded Bonds will result in a reduction of future debt service of approximately \$10.4 million. The present value of the reduction in debt service is approximately \$6.5 million.

Debt service coverage for 2013 was 1.28 times. The Agency's bond resolution requires debt service coverage to be at least 1.10 times.

Condensed Consolidated Statements of Revenues, Expenses and Changes in Net Position

(\$ millions)

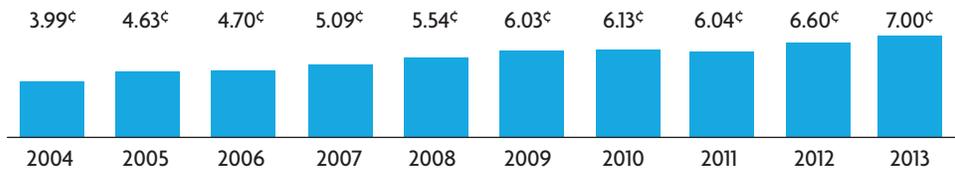
	2013	2012
Sales to municipalities (used as security for revenue bonds)	\$ 434.5	\$ 402.6
Other revenues	2.9	4.4
Operating Revenues	437.4	407.0
Purchased power, fuel, and production expense	274.3	258.1
Transmission and local facilities	31.8	23.8
Other operating expenses	49.6	65.1
Operating Expenses	355.7	347.0
Operating Income	81.7	60.0
Interest expenses	64.2	41.2
Interest income	(4.5)	(5.1)
Other non-operating expenses	(2.2)	.3
Non-Operating Expenses	57.5	36.4
Net Income	24.2	23.6
Net Position at Beginning of Year	196.8	173.2
Net Position at End of Year	\$ 221.0	\$ 196.8

Condensed Consolidated Statements of Net Position

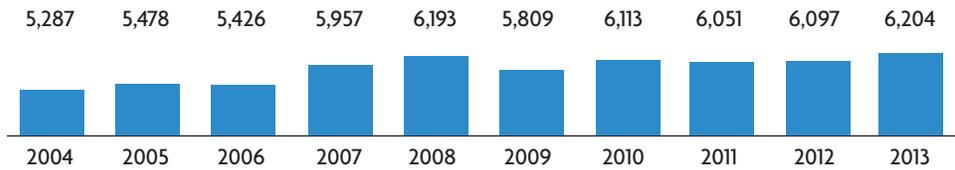
(\$ millions)

	2013	2012
Utility plant, net	\$ 1,181.3	\$ 1,198.8
Cash and investments	289.2	251.0
Other current assets	101.5	80.3
Deferred costs	68.6	43.7
Total Assets	\$ 1,640.6	\$ 1,573.8
Invested in capital assets, net of related debt	(145.4)	\$ (99.8)
Restricted	186.9	152.0
Unrestricted	179.5	144.6
Total Net Position	221.0	196.8
Non-current liabilities	1,321.5	1,247.4
Current liabilities	98.1	129.6
Total Liabilities	1,419.6	1,377.0
Total Net Position and Liabilities	\$ 1,640.6	\$ 1,573.8

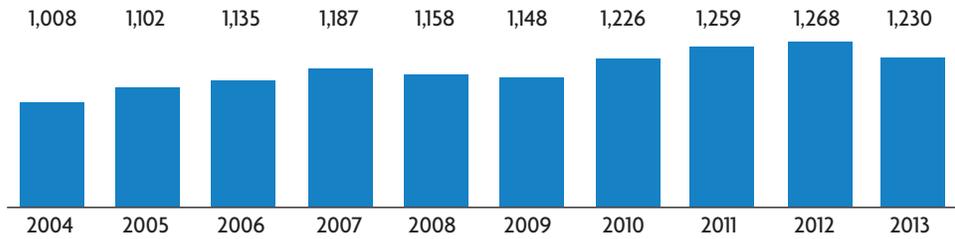
Cost per Kilowatt-hour to Members (cents/kWh)



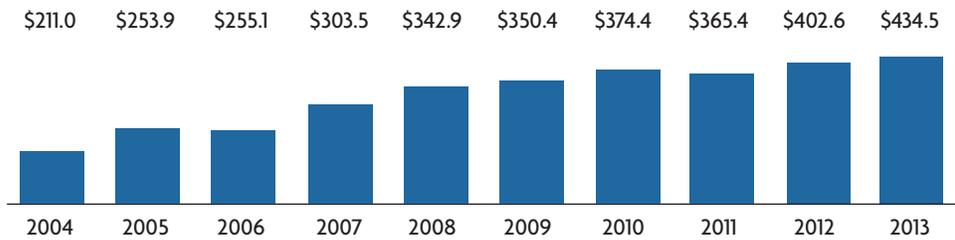
Kilowatt-hour Sales (in millions)



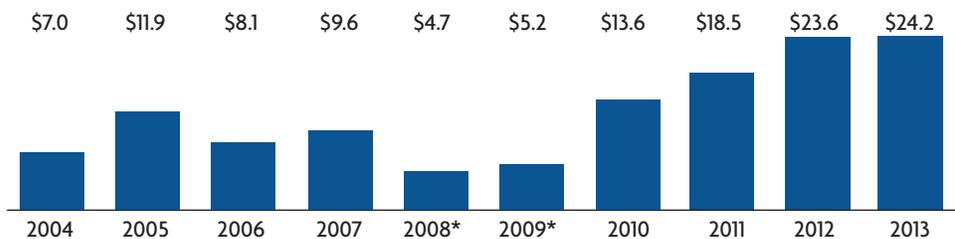
Non-coincident Peak Demand (MW)



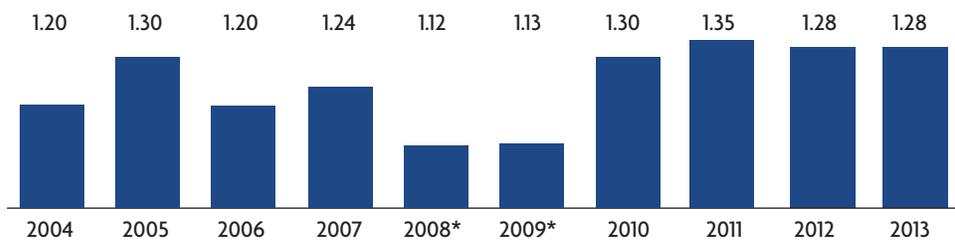
Sales to Municipalities (in millions)



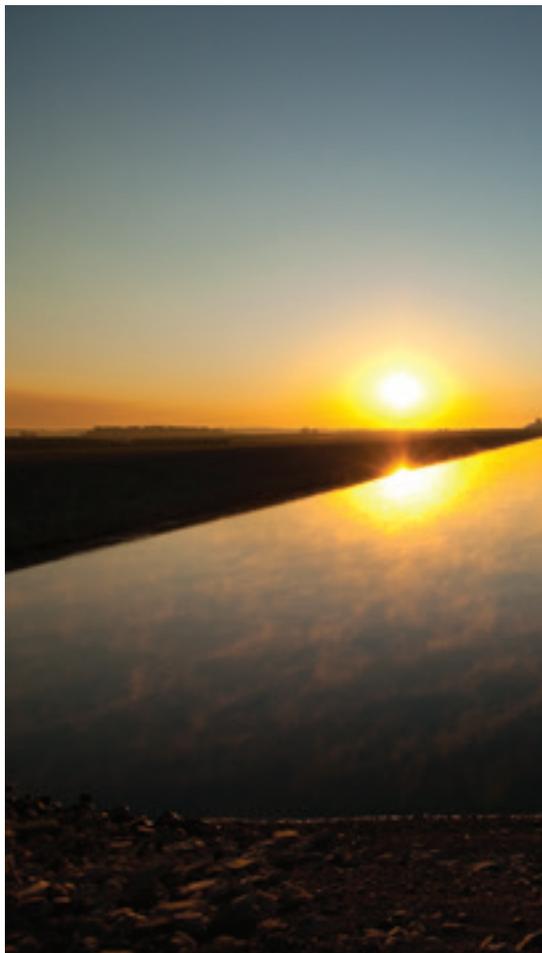
Net Income (in millions)



Debt Service Coverage (times)



*Includes transfers from Rate Stabilization Fund



IMPA 2013 ANNUAL REPORT

11610 North College Avenue | Carmel, Indiana 46032 | www.impa.com
(317) 573.9955 | info@impa.com