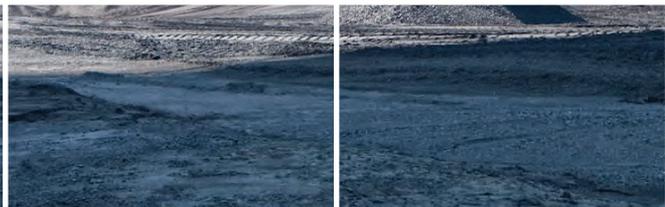
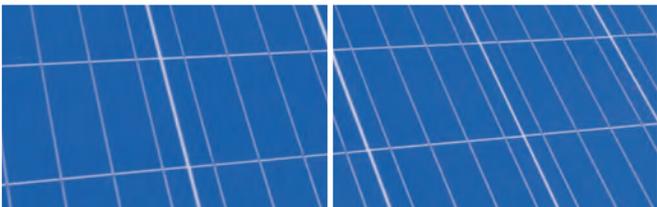


STRENGTH & STABILITY

INDIANA MUNICIPAL POWER AGENCY 2016 ANNUAL REPORT



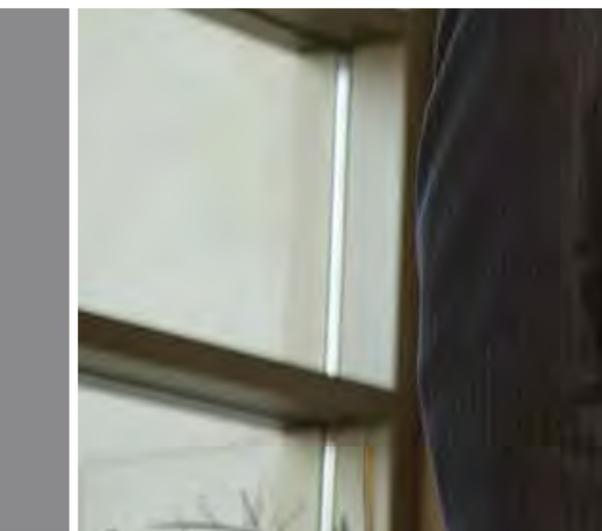


STRENGTH

STABILITY

INDIANA MUNICIPAL POWER AGENCY 2016 REPORT

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MESSAGE TO MEMBERS

STRENGTH. STABILITY. SUCCESS.

The concepts of strength and stability have certainly led to success for the Indiana Municipal Power Agency and its member utilities.

For an Agency such as ours, strength comes in many forms, whether it is strength in our power portfolio, in our financial performance, or in our people. IMPA experienced yet another year of successful operations in 2016. Our diverse power portfolio, which includes wholly-owned generation, renewable power resources and purchased power, excelled at meeting the needs of IMPA's municipal electric utilities. Some of our generation units even saw their best performance year yet. The diversity of our power portfolio, which spans resources fueled by coal, natural gas, fuel oil, nuclear and solar, reinforces our strength and ensures that electricity is always available when it is needed. IMPA added to this strength by completing construction on four additional solar parks in the IMPA member communities of Anderson, Huntingburg, Washington and Waynetown. Strength is also found in our finances, as our \$1.7 billion in assets continue to support the growth of IMPA and our members. Finally, strength is found in the people involved, united and focused on achieving a common goal. Together, IMPA's goal-oriented Board of Commissioners, entrepreneurial management team and skilled staff work to maximize our assets in producing economic electricity and bring the benefits of public power to member communities and their customers.

Stability is also evident in the Agency's operations, our wholesale power rates, our membership and our services. IMPA's wholesale power rates are some of the lowest and most stable rates in the state of Indiana, and are expected to remain stable for the near future. IMPA's strong bond ratings are a key indicator of our stability as well, as we continue to receive A1/A+ ratings from key rating agencies. Stability also rings true in our membership. While we have grown since our initial 26 members in 1983, that growth has not come without serious thought and consideration to ensure that we are the best power supply option for these municipal communities. In 2016, IMPA was proud to welcome yet another community to the IMPA family—Troy, Indiana. The Agency now serves 61 public power communities within Indiana and Ohio. These communities purchase their total electric requirements from IMPA on a long-term basis, working together to bring economies of scale to their power supply and stability to their rates. IMPA's distribution services subsidiary, IMPA Service Corp, also worked to increase stability and reliability in municipal electric communities throughout 2016, as they expanded their service operations to better serve ALL the needs of IMPA's smallest members.

Together, strength and stability spell success for the Agency and its members. Together, we are strong. Together, we are stable and reliable. Together, we are the epitome of success.


RAJ RAO
President and CEO


SUE SAUNDERS
Chairwoman of the Board

STRENGTH & STABILITY IN RESOURCES

The Indiana Municipal Power Agency's (IMPA) success lies primarily in its core business of generation—providing a reliable wholesale power supply to serve the needs of its member municipally-owned electric utilities. The Agency's diverse power portfolio is comprised of generation fueled by a variety of resources, including coal, natural gas, solar, nuclear and wind. Through diversification, IMPA maintains strength and stability in its power supply, ensuring that factors affecting one resource would not impact the ability of other resources to adequately supply members' power requirements.

Prairie State Energy Campus

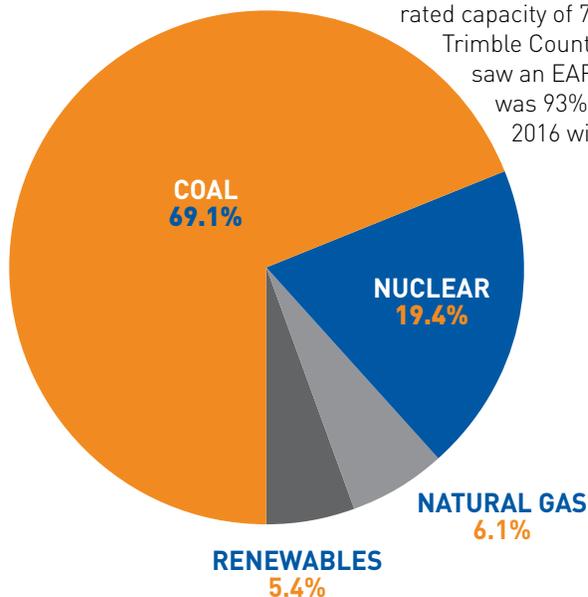
IMPA's coal-fired generation resources include the Prairie State Energy Campus, Trimble County Station, Gibson Station and Whitewater Valley Station. Chief amongst IMPA's coal-fired resources is the Prairie State Energy Campus, a mine mouth power plant located in Washington County, Illinois. IMPA is a co-owner of Prairie State, along with eight other nonprofit, public power joint action agencies and generation/transmission cooperatives. The 1630 megawatt (MW) plant consists of two, 815 MW units and is considered to be one of the most environmentally responsible coal plants in the United States, as it utilizes clean generation technologies to produce electricity in a more efficient manner. Prairie State was designed to meet and exceed the latest environmental regulations, and has achieved some of the highest standards of efficiency and emissions control. The facility also ranks among the top-tier of coal-fired plants nationwide in low per megawatt-hour (MWh) carbon dioxide emissions, as well as reduction and removal of sulfur dioxide, nitrogen oxide, mercury and particulate matter. In addition to its impressive statistics, Prairie State also contains on-site coal reserves and a coal mine, eliminating the need to ship coal to the plant and reducing emissions associated with delivering coal to the electric plant. Because of this fuel strategy and plant design, Prairie State has the lowest fuel cost of any coal plant east of the Mississippi River.

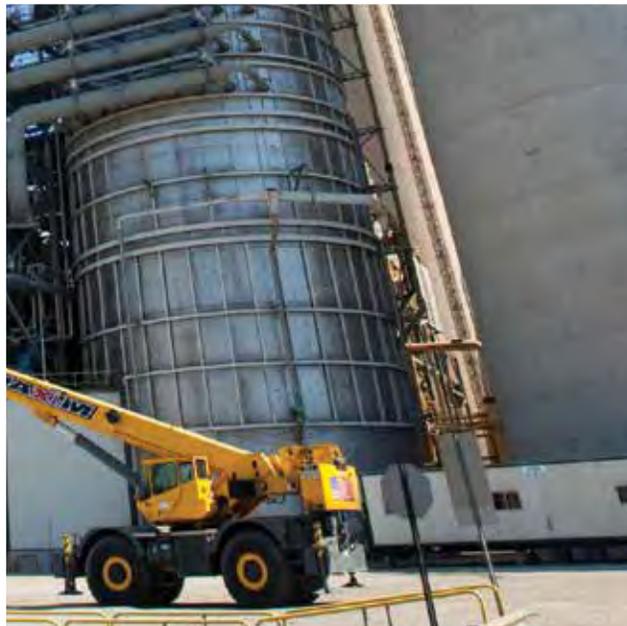
Prairie State completed 2016 on a high note, with the plant seeing its strongest operational performance to date in December. The plant experienced a 98.5% Equivalent Availability Factor (EAF) for the month, along with a Net Capacity Factor (NCF) of 97.4%. Over the course of 2016, Unit 1 had six months with an EAF greater than 98.9% while Unit 2 had five months with an EAF greater than 90%. IMPA expects that Prairie State's performance will continue to reach high operational levels over time, enabling it to be the lowest marginal cost generating unit in IMPA's power supply portfolio.

Trimble County Station

IMPA's power supply portfolio includes baseload coal-fired generation from Trimble County Station in Kentucky, which experienced a banner year in 2016 as well. Trimble County is comprised of two pulverized coal-fired units—TC1, with a net rated capacity of 514 MW, and TC2, with a net rated capacity of 760 MW. IMPA holds a 12.88% ownership interest in both units. Trimble County 2, the plant's newest unit which came online in January 2011, saw an EAF of 96% over the last five months of the year, while the unit's NCF was 93% for that same time period. Trimble County 1 was outstanding in 2016 with an EAF for the year of 95%.

**IMPA
FUEL
MIX
(MWh)**







IMPA Combustion Turbines

IMPA's combustion turbine units in Anderson, Indianapolis and Richmond saw their fair share of operation in 2016 as well. These peaking units utilize natural gas and fuel oil resources to operate during peak times of the year when power usage is at its highest. The Anderson facility is comprised of one, 85 MW combustion turbine unit and two, 41 MW units while the Richmond facility houses two, 41 MW units. The Indianapolis plant includes two, 85 MW units. During hot summer days and cold winter nights, IMPA's peaking units sit poised and ready to assist in meeting the energy demands of IMPA's member utilities.

IMPA's Anderson combustion turbine units were called into action during February 2016 when temperatures throughout the state dropped to extreme levels. Two units in the facility were called on to operate for an unprecedented 90 straight hours. Combustion turbine staff members at the plant covered continuous shifts from Monday, February 8th to Thursday, February 11th in order to ensure the unit was up and running. Meanwhile, staff at the Richmond combustion turbine stood at the ready in case it was also called upon to operate. Through single-digit temperatures and heavy snow, both the equipment and the staff performed flawlessly.

Solar Parks

While generation fueled by coal, natural gas and fuel oil provides the backbone of IMPA's diverse power portfolio, renewable energy options are becoming an increasingly larger part of the resource pie. IMPA has been adding solar generation in member communities to its portfolio for three years, and continued that process in 2016 through the addition of four more solar parks in Anderson, Huntingburg, Washington and Waynetown. Together, these four parks brought 11.25 MW of generation capacity to IMPA's portfolio. In total, the Agency has constructed 13 solar parks throughout the state with a total capacity of 24.25 MW: Anderson (5 MW), Argos (.7 MW), Bainbridge (.3 MW), Crawfordsville (3 MW), Frankton (1 MW), Huntingburg (2 MW), Pendleton (2 MW), Peru (3 MW), Rensselaer (1 MW), Richmond (1 MW), Tell City (1 MW), Washington (4 MW) and Waynetown (.25 MW). All of the parks, except for Richmond, feature fixed-tilt panels, which maximize output while balancing installation and maintenance costs. The Richmond park utilizes a single axis tracking system and achieves a higher efficiency than the fixed tilt design by enabling the solar panels to move, tracking the sun throughout the day.

The Agency has taken several steps to reduce labor costs and improve cost efficiency in the construction of these solar parks. Prior to 2016, IMPA had hired outside vendors to conduct solar panel layout design, electrical engineering, equipment specification and bid evaluations. At the end of 2015, however, the Agency evaluated its solar park strategy and realized that IMPA and the staff of the Agency's engineering and operations subsidiary, IMPA Service Corp, were capable of completing these responsibilities more effectively and efficiently. Thus, the decision was made to bring this major component of solar park construction in-house.

IMPA and IMPA Service Corp staff handled the design and development for the four 2016 solar parks. In addition to completing the design and engineering work, IMPA and IMPA Service Corp staff were also responsible for all on-site commissioning, which included programming and testing the solar panels and other electrical equipment, ensuring that all components were working properly.

Looking ahead, IMPA and IMPA Service Corp staff are already busy working on design and logistical plans for future rounds of solar parks. The Agency aims to construct approximately 10 megawatts of solar capacity each year, continuing into the foreseeable future.

NERC Compliance

IMPA continued its work to maintain compliance with North American Electric Reliability Corporation (NERC) standard requirements through data submittals and its own internal annual self-audit throughout 2016. Being a NERC registered Generator Owner and Operator, IMPA experienced an increase in the number of standards that apply to the organization, such as generator exciter and governor modeling standards. The most significant change came by way of the NERC cyber security standards and the new process of identifying assets as high, medium and low impact to the Bulk Electric System (BES).

To meet the new cyber security standard requirements and to improve its overall security plan, IMPA will be implementing many cyber security plans to protect its cyber assets. Additionally in 2017, IMPA's readiness review/mock audit performed by Utility Services will conclude, and ReliabilityFirst will conduct an audit of IMPA's compliance to the applicable NERC standard requirements. As NERC compliance standards continue to evolve in response to threats faced by the industry, IMPA will work to achieve the highest degree of reliability, security and resiliency of the BES.

FINANCIAL STRENGTH

IMPA's primary goal is to provide affordable, reliable and environmentally responsible power to the communities that it serves. In order to be successful at its core mission, the Agency must have a strong financial backbone. IMPA has made fiscal responsibility a top priority over the years, and has consistently received A1 /A+ ratings by rating agencies Moody's, Standard & Poor's and Fitch, a sign that IMPA protects the security of its investments and its member communities. IMPA recognizes and appreciates the bondholders that invest in the Agency, and does everything possible to protect this investment and pay back their principal and interest as promised. Because financial responsibility is a priority, the Agency is constantly looking for opportunities to reduce costs while still maintaining a high level of service to its members.

Bond Refundings

In December 2015, IMPA refunded approximately \$428.6 million of IMPA's 2006 A and 2007 A tax-exempt bonds. These bond refundings produced a reduction of IMPA's principal and interest payments over the next 30 years by approximately \$88.6 million, resulting in a present value savings of approximately \$53.0 million. The transaction closed in January 2016.

This significant savings can be attributed to historically low interest rates, IMPA's proven credit strength, which is exemplified in its A1 /A+ ratings, and the vigilance of IMPA's management and financial staff.

IMPA HAS MADE FISCAL RESPONSIBILITY A TOP PRIORITY OVER THE YEARS, and has consistently received A1/A+ ratings by rating agencies Moody's, Standard & Poor's and Fitch, a sign that IMPA protects the security of its investments and its member communities.

IMPA IS PROUD TO OFFER SOME OF THE LOWEST WHOLESALE ELECTRIC RATES THROUGHOUT THE STATE OF INDIANA. Looking forward to 2017, the Agency's member communities can expect to continue receiving reliable, affordable and environmentally responsible and stable electricity from their wholesale power provider.

While this significant savings was celebrated by IMPA and its member communities, other opportunities arose in January 2016 which allowed the Agency to refund additional bonds and save even more money. Market factors enabled IMPA to refund approximately \$156.5 million of its 2009 A and 2009 B bonds. This additional refunding produced an approximate savings of \$40.4 million, yielding a present value savings of \$28.6 million.

In 2016, IMPA saved approximately \$129.0 million with a present value savings of \$81.6 million. By staying on top of changing market trends, the Agency locked in low interest rates and positioned itself for financial stability and success well into the future.

Anderson 1 Solar Park

IMPA also realized financial savings, stability and strength when the Agency sold the Anderson 1 Solar Park it was constructing to Indiana Solar Holding, LLC. The Agency subsequently entered into a purchased power agreement with Indiana Solar Holding, LLC wherein IMPA will purchase 100% of the solar park's generation at a pre-established price for up to 25 years. The solar park's entire output will still be part of IMPA's power supply to its members. Overall, the solar park sale and purchased power agreement resulted in a net savings of approximately 15% of the total construction costs for the park. The land will be leased to Indiana Solar Holding, LLC during the agreement period, and IMPA will have the option to purchase the solar park back in 5 1/2 years. Overall, the agreement reinforces strength in the Agency's financials while reducing the costs of the solar park and maintaining stability in the Agency's diverse power portfolio.

Stable Rates

Finally, IMPA's stable resources and financial strength mean success for the Agency's member communities as well. During 2016, IMPA's average accrued cost per kilowatt hour decreased to 7.18 cents per kilowatt hour from 7.21 cents in 2015. For the second year in a row, IMPA has seen a small annual decrease in the Agency's average accrued cost per kilowatt hour. While IMPA's average accrued cost per kilowatt hour decreased, members' retail electric prices will still vary from community to community, based on the individual utility operations and the community's local retail electric rate structure.

IMPA is proud to offer some of the lowest wholesale electric rates throughout the state of Indiana. Looking forward to 2017, the Agency's member communities can expect to continue receiving reliable, affordable, environmentally responsible and stable electricity from their wholesale power provider.

STRENGTH & STABILITY IN COMMUNITIES

Troy

IMPA was founded under the promise of joint action—communities working together to secure low cost power using economies of scale. Strength in numbers has served the Agency and its members well over the course of time. IMPA added to that strength and those numbers when the Town of Troy, Indiana, became the Agency's 60th Indiana member community and 61st public power community in 2016. Located in the southernmost region of Indiana, Troy began receiving 100 percent of its wholesale electric power from the Agency in December. The community, which served as the very first county seat of Perry County, is home to nearly 400 residents and two large industrial parks.



IMPA Service Corp

Strength is also found within the Agency's member communities, with utilities working to build and maintain healthy electric infrastructures that reliably serve residents, businesses and industries. Several years ago, IMPA created the IMPA Service Corp at the request of the Agency's smaller members to provide distribution services to municipal electric communities. Since that time, IMPA Service Corp has become an integral part of several communities, in many cases serving as the community's primary resource for electric system maintenance and restoration.

The commitment to serving and assisting member communities has continuously grown, which was evident in June 2016 when severe wind gusts of more than 100 miles per hour touched down throughout Central Indiana. The storms caused major damage across the state, but specifically to the two IMPA communities of Brookston and Chalmers. Both towns were without power and in need of help and assistance. Hearing this, IMPA Service Corp crews quickly traveled to those communities to assist in restoring power. Joining IMPA Service Corp were line crews from other IMPA communities, including Crawfordsville, Greenfield, Lebanon and Richmond. These various crews joined forces to remove trees and limbs from utility poles, aiding in the restoration of power in a matter of hours rather than days or weeks.

Earlier in 2016, IMPA Service Corp also assisted other IMPA communities, including Centerville, Frankton, Knightstown and Pittsboro, when a severe wind storm caused widespread power outages throughout each of these towns. Crews from IMPA Service Corp assisted in repairing and replacing utility poles to ensure that none of the communities experienced a power outage for an extended period of time.

IMPA Service Corp expanded its services even further in 2016 to include system management and operations, with the goal of working with small utilities to maintain safe and reliable electric service in their communities. For many communities in IMPA's membership, maintaining a reliable electric system is difficult to do with limited funds and manpower. IMPA Service Corp began providing these system management services to the communities of Advance, Centerville, Dunreith, Frankton, Lewisville and Spiceland. Each community has access to IMPA Service Corp's experienced line crews and engineering staff, who work with the utility to solve issues and ensure a quality electric service to local customers. The communities are able to decide which services they would like to receive and they frequently communicate with IMPA to ensure that their needs are being met.

Economic Strength

Strength in member communities also comes in the form of economic strength, as cities and towns across the state celebrated economic growth and stability. For the community of Richmond, a new business announcement brought with it the promise of jobs and construction. Blue Buffalo Co. is expanding its presence in the United States by building a new state-of-the-art facility on 89 acres in Richmond for its subsidiary, Heartland Pet Food. Founded in 2002, Blue Buffalo offers natural foods and treats for dogs and cats that are sold nationwide. It is expected that up to 165 jobs will be created for Richmond and the surrounding area. It will be the second plant in the United States for Blue Buffalo, and will include a pet food manufacturing plant as well as a research and development center.

Economic success was evident in Lebanon as well, as transportation industry leader CSX announced that a portion of the Lebanon Business Park had been designated as a CSX Select Site. The designation alerts manufacturers to the fact that properties in that site have been pre-positioned to meet their needs, reducing the time required to construct facilities and bring products to market. Sites with a CSX Select designation are development-ready properties that have met a rigorous list of criteria, including infrastructure and utility availability, environmental reviews, appropriate zoning, rail serviceability, and proximity to highways or interstates.

STRENGTH IN PEOPLE

The strength and stability of IMPA and its member communities would be nothing if not for their people. IMPA's Board of Commissioners is comprised of one representative from each of the Agency's member communities, chosen to serve as the voice of that community. The Board is a diverse group of individuals, with backgrounds ranging from utility superintendents and lineworkers to elected officials and town employees. Although their day jobs may be different, these individuals do have one thing in common when they arrive at an IMPA Board meeting—their commitment to making IMPA the most economic, reliable and environmentally-responsible power supplier. IMPA commissioners dedicate their time and energy to the Board, ensuring that decisions made are done so in the best interest of the Agency which, in turn, provides benefits to all of IMPA's members.

The IMPA staff is similarly devoted to meeting the needs of member utilities and the customers they serve. Whether it is engineering, distribution services and operations, economic development, government relations or marketing and communications, IMPA's experienced staff goes above and beyond to assist. Their passion and hard work are the reasons that IMPA continues to succeed year after year.

While IMPA's commissioners and staff work to ensure a stable and reliable wholesale power supply, the employees of Indiana's municipal electric utilities are the ones working hard to keep power flowing to serve residents, businesses and industries in their communities. IMPA recognizes that the stability of these municipal electric utilities lies in the strength of their staff. With that in mind, the Agency began offering a variety of training courses to staff within IMPA's member communities, designed to increase their knowledge and skill sets, making them even stronger employees for their local communities.

In 2016, IMPA launched the Second Wednesdays program, which is a series of training workshops held the second Wednesday of select months. These workshops are designed to provide the staff of member utilities with vital information and skills to better their electric utilities and their communities. The training is meant to meet the needs of all utility personnel, including lineworkers, substation workers, meter personnel, engineering, management staff and customer service personnel. IMPA partnered with the training arm of the Tennessee Valley Public Power Association (TVPPA) to bring in experienced presenters knowledgeable on a variety of topics. Individuals attending the seminars not only gained knowledge from the presenters, but had the opportunity to network and build relationships with other municipal electric employees. IMPA is continuing the Second Wednesdays program for 2017 and will expand the topics to include additional necessary skills for personnel to provide stable, reliable, and unsurpassed service in their communities.

Responding to a growing need from its member communities, IMPA also worked with the American Public Power Association (APPA) to present a three-day key accounts seminar. This workshop provided an in-depth look into key accounts, and focused on important issues such as implementing a customer-focused key accounts program, developing a strong key accounts representative and finding meaningful ways to measure key accounts relationships. For many attendees, the concept of a key accounts program was a new idea and option to strengthen relationships with vital business customers in their communities.

Approximately 25 individuals attended the three-day seminar, representing 12 of IMPA's 61 communities. Several staff members from IMPA participated in the seminar as well. After completing the three-day workshop, attendees could complete two additional requirements in order to become Certified Key Accounts Representatives through APPA. IMPA was proud to partner with experienced, knowledgeable entities like TVPPA and APPA to provide top-notch programs that improve the operations of all facets of IMPA's member electric utilities.

Finally, the important roles that member municipal utilities and their employees play in their communities were recognized on a larger scale on February 29, 2016, when lineworkers from across Indiana were honored by the state. The Legislature passed a resolution honoring these public servants

for their dedication to keeping the lights on for Indiana's over six million residents. In part, the resolution recognized Indiana's lineworkers for their commitment to constructing and maintaining electric infrastructure in the state while putting their lives on the line to provide this vital and basic need to individuals every day of the year. Along with representatives from the state's investor-owned and cooperative electric utilities, four IMPA communities—Crawfordsville, Frankfort, Greenfield and Richmond – attended the statehouse event to represent Indiana's municipal electric utilities.

IMPA's long history of strong leadership and stable performance has been paramount to the Agency's success throughout the years. IMPA's founders knew that the actions they took in 1983 were based on the future needs of IMPA and its members. They understood the weight of that responsibility, and made the decision to safeguard the strength and stability of the Agency and its members for years to come. Looking back from the view of 2016, it is easy to see that their early foresight continues to serve as a stable foundation for IMPA's actions today. IMPA's standards for strength and stability have and will continue to lead the Agency to success well into the future.



IMPA GENERATING FACILITIES

Facility	Unit Type	Fuel Type	Capacity (MW)
Anderson	Combustion Turbine	Natural Gas/Fuel Oil	167
Anderson 1 Solar Park*	Solar	Sun	5
Argos Solar Park	Solar	Sun	0.72
Bainbridge Solar Park	Solar	Sun	0.36
Crawfordsville Solar Park	Solar	Sun	3
Frankton Solar Park	Solar	Sun	1
Georgetown Units 2&3	Combustion Turbine	Natural Gas/Fuel Oil	170
Gibson Unit 5	Steam	Coal	156
Huntingburg Solar Park	Solar	Sun	2
Pendleton Solar Park	Solar	Sun	2
Peru Solar Park	Solar	Sun	3
Prairie State Units 1&2	Steam	Coal	206
Rensselaer Solar Park	Solar	Sun	1
Richmond	Combustion Turbine	Natural Gas/Fuel Oil	82
Richmond Solar Park	Solar	Sun	1
Tell City Solar Park	Solar	Sun	1
Trimble County Units 1&2	Steam	Coal	162
Washington Solar Park	Solar	Sun	4
Waynetown Solar Park	Solar	Sun	0.25
Whitewater Valley Station*	Steam	Coal	91

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

1058.25

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
Troy
Veedersburg
Walkerton
Washington
Waynetown
Williamsport
Winamac

IMPA

2016 BOARD OF COMMISSIONERS & IMPA Senior Management

COMMISSIONERS NOT PICTURED

Jim L. Caldwell, Advance
James J. Lindstrom, Argos
Niki A. Balish, Bargersville
Steve A. Wingler, Coatesville
Stephen A. Miller, Frankfort
Bob J. Reed, Knightstown
James B. Cox, Ladoga
William E. Chastain, Paoli
Jason B. Love, Pittsboro
Stacy L. Smith, Straughn
Gary D. Moody, Thorntown
Kathryn Tiede-Chrapliwy, Walkerton
David L. Banta, Williamsport
Brad J. Zellers, Winamac



IMPA SENIOR MANAGEMENT

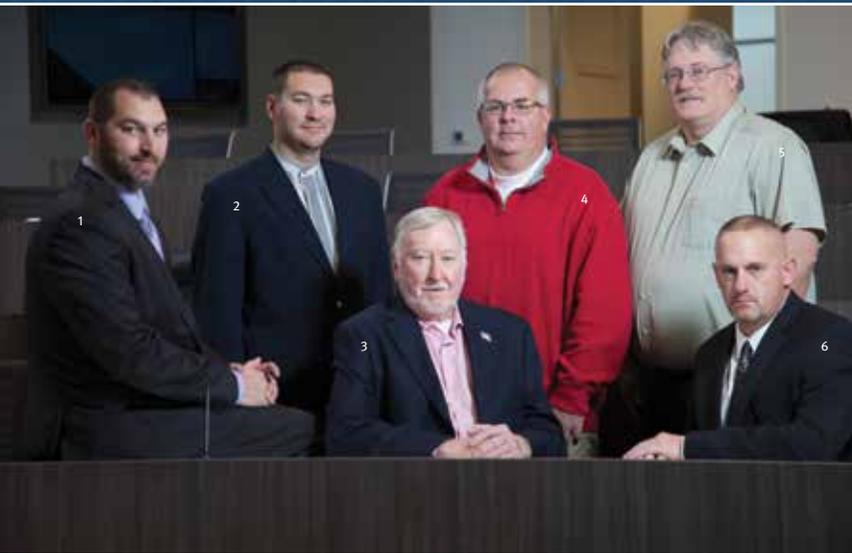
- 1 **Chris Rettig**, Senior Vice President and Chief Financial Officer
- 2 **Raj Rao**, President and Chief Executive Officer
- 3 **Peter Prettyman**, Senior Vice President and General Counsel
- 4 **Jack Alvey**, Senior Vice President, Generation
- 5 **Frank Smardo**, Senior Vice President, Engineering



- 1 **Olin S. Clawson**, Lawrenceburg
- 2 **Randal L. Emmons**, Washington
- 3 **James E. Hanson**, Middletown
- 4 **Tim A. McClintick**, Pendleton
- 5 **Brent W. Slover**, Linton

- 1 **Ram G. Reddy**, Blanchester
- 2 **Jeffrey L. Lane**, Spiceland
- 3 **John W. Norris**, Montezuma
- 4 **Mayor Bradley D. Crain**, Covington
- 5 **Randall C. Cokl**, South Whitley





- 1 **Shawn E. Lickey**, Columbia City
- 2 **Nathan D. Ulerick**, Dublin
- 3 **Ray A. Young**, Brooklyn
- 4 **Bernard W. Linne**, Troy
- 5 **Barry K. Lewis**, Waynetown
- 6 **Shawn Guidice**, Rising Sun

- 1 **Steve L. Putt**, Brookston
- 2 **David B. Dudley**, Dunreith
- 3 **Jay M. Stoneburner**, Bremen
- 4 **Robert H. Hartman**, Greendale
- 5 **Michael L. Fruth**, Greenfield
- 6 **Keith K. Smith**, Veedersburg



- 1 **Mayor William H. Graham**, Scottsburg
- 2 **Dr. Steven G. Waltz**, Rockville
- 3 **Joe Pandey**, Peru
- 4 **Richard A. Justice**, Gas City
- 5 **Jerald L. Schitter**, Jasper



- 1 **Randy W. Baker**, Richmond
- 2 **Mike C. Jenner**, Edinburgh
- 3 **Lisa M. Corey**, Frankton
- 4 **Kari A. Moss**, Kingsford Heights
- 5 **Eugene Kates**, Centerville
- 6 **Faith A. Willoughby**, Chalmers



- 1 **Bobby L. Taylor, Jr.**, Jamestown
- 2 **Chad B. Oliver**, Bainbridge
- 3 **Barry J. Baker**, Etna Green
- 4 **S. Troy Elless**, New Ross
- 5 **N. Mike Whitman**, Lebanon

- 1 **Mayor Stephen A. Wood**, Rensselaer
- 2 **Phillip R. Goode**, Crawfordsville
- 3 **C. Sue Saunders**, Lewisville
- 4 **Dennis K. Dixon**, Tell City



- 1 **Ron Fritz**, Flora
- 2 **John S. Reutepohler**, Huntingburg
- 3 **Greg F. Gayler**, Darlington
- 4 **G. Dick Klein**, Tipton
- 5 **Tony P. Pochard**, Anderson

2017 IMPA STAFF

MANAGEMENT

Raj Rao

President and CEO

Jack Alvey

Senior Vice President,
Generation

Peter Prettyman

Senior Vice President and
General Counsel

Chris Rettig

Senior Vice President
and CFO

Frank Smardo

Senior Vice President,
Engineering

MARKET OPERATIONS

Matt Andryuk
Kyle Brouillette
Ryan Daugherty
Alex Houck
John Lloyd
Rob Rucker
Sam Wilson

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George Andrews
Scott Berry
Larry Brown
Matthew Chambers
Mel Denton
Brian Markley
Ginny McCammon
Alan New
Joel Roper
Don Summitt
Nathan Van Winkle
Kerry Vincent

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James Bennett
Steve Brown
Alan Burkhart
Blair Canady
Jerry Catron
James Chaplin
Jeffrey Coleman
Chico Cotton
Chris Cox
James Dawson
Rod Draper
Doug Friend
Gene Giffen
Jeff Henderson
Jesse Jaynes
Dustin Jones
David Madden
Michael McCoy
John Miller
Jeffrey Newton
Rick Pennington
Mark Phenis
Scott Schultz
Cody Shubert
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Daniel Straight
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Paul Conklin
Tom Connell
Rob Doty
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Carolyn Wright

MEMBER SERVICES

Bryan Brackemyre
Eric Burch
Niki Dick
Meredith Sauter

ACCOUNTING AND FINANCE

Jacki Hall
Lezli Lingerfeldt
Chauncey Long
Jennifer O'Leary
Sarah Shaughnessy

ADMINISTRATION

Sondra Brosmer
Jane Hemmerlein
Brandy Noelker
Karen Pomeroy
Cathy Rudd
Shanah Tran

FINANCIAL HIGHLIGHTS

2016 ANNUAL OPERATING RESULTS

Operating revenues, which are composed of sales to municipalities and other revenues, increased approximately \$3.9 million (0.9%) compared to 2015. Warmer temperatures during the summer months compared to 2015 resulted in increased energy sales to members in 2016 (1.3%). The average accrued cost per kilowatt hour (kWh) for 2016 was 7.18 cents, an approximate 0.4% decrease compared to 2015.

CONDENSED CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (\$ millions)

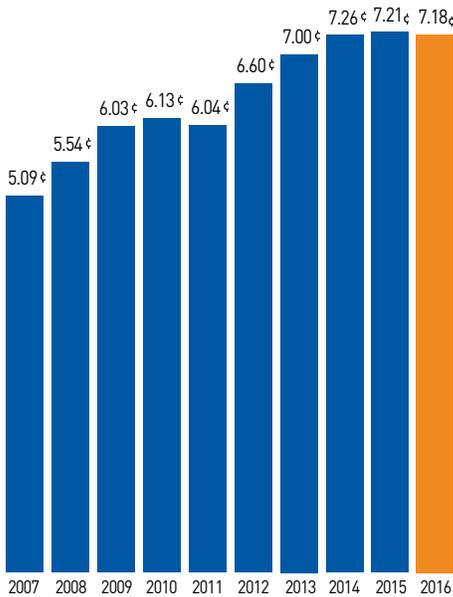
	2016	2015
Sales to municipalities	\$ 449.0	\$ 443.3
Other revenues	3.7	5.5
Total Operating Revenues	452.7	448.8
Purchased power, fuel and production expenses	260.9	255.9
Transmission and local facilities	37.2	38.9
Other operating expenses	75.4	77.2
Total Operating Expenses	373.5	372.0
Total Operating Income	79.2	76.8
Interest expense	56.9	61.7
Interest income	(0.6)	(3.8)
Other non-operating income	(5.4)	(5.1)
Total Non-Operating Expenses (Income)	50.9	52.8
Net Income	28.3	24.0
Net Position at Beginning of Year	271.6	247.6
Net Position at End of Period	\$ 299.9	\$ 271.6

CONDENSED CONSOLIDATED STATEMENTS OF NET POSITION (\$ millions)

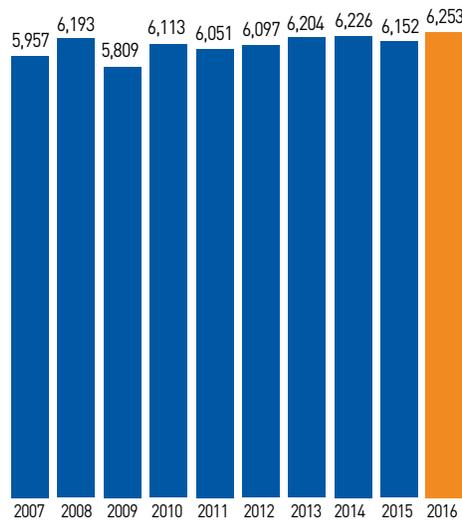
	2016	2015
Utility plant, net	\$ 1,226.1	\$ 1,214.3
Cash and investments	263.4	288.9
Other current assets	111.9	115.0
Deferred outflows	136.8	96.6
Total Assets	\$ 1,738.2	\$ 1,714.8
Net investment in capital assets	(84.8)	(98.4)
Restricted	133.4	155.7
Unrestricted	251.3	214.3
Total Net Position	\$ 299.9	\$ 271.6
Non-current liabilities and deferred inflows of resources	1,318.7	1,327.7
Current liabilities	119.6	115.5
Total Liabilities	\$ 1,438.3	\$ 1,443.2
Total Net Position and Liabilities	\$ 1,738.2	\$ 1,714.8

As a result of higher energy sales, total operating expenses increased approximately \$1.5 million (0.4%) in 2016 compared to 2015. Total non-operating expenses decreased approximately \$1.9 million, primarily as a result of lower interest expense of approximately \$4.8 million which was partially offset by lower interest income of \$3.2 million. Lower interest expense was primarily a result of certain bond refundings during 2016. Lower interest revenue was primarily the result of the maturity of a long-term investment contract during 2016.

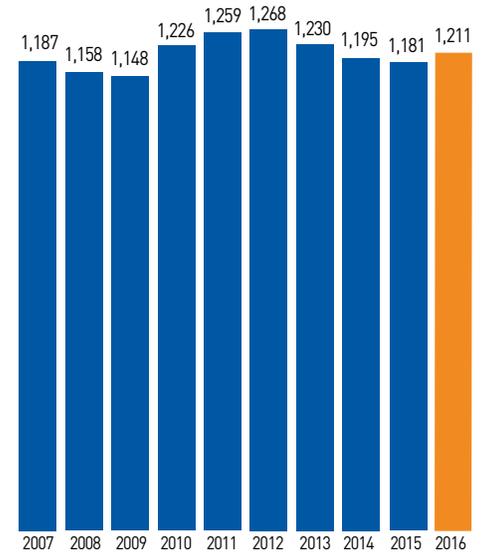
During 2016, IMPA closed on three bond issues—the 2016 Series A, the 2016 Series B and the 2016 Series C Bonds (collectively, the “2016 Bonds”). The 2016 Series A and the 2016 Series B Bonds are advanced refunding bonds. The 2016 Series B Bonds are a current refunding. The 2016 Bonds refunded the outstanding balances of the 2006 Series A, the 2007 Series A, the 2009 Series A and a portion of the 2009 Series B Bonds. The refundings are expected to result in a reduction of future debt service of approximately \$129.0 million and a present value savings of approximately \$81.6 million over the life of the 2016 Bonds.



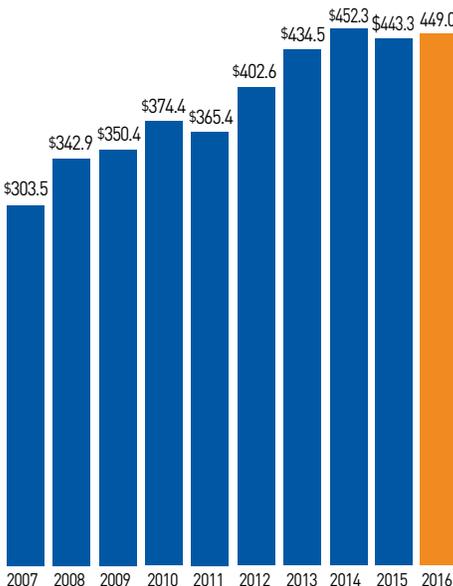
COST PER KILOWATT-HOUR TO MEMBERS
(Cents/kWh)



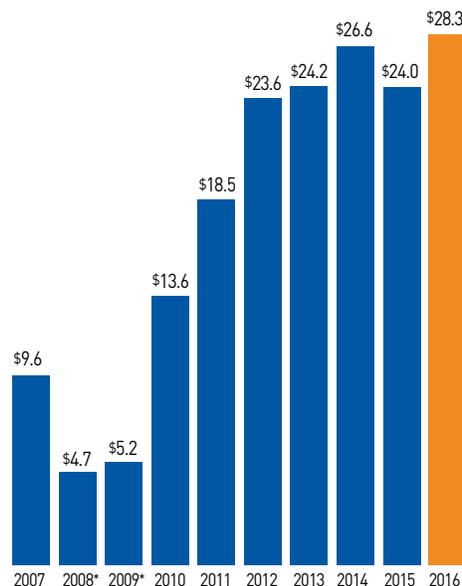
KILOWATT-HOUR SALES (\$ millions)



NON-COINCIDENT PEAK DEMAND (MW)

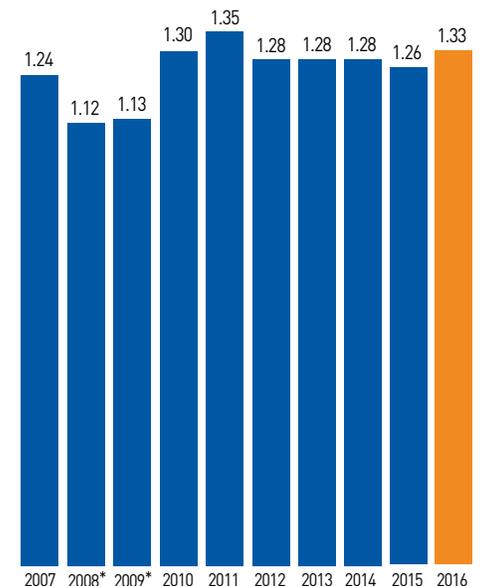


SALES TO MUNICIPALITIES (\$ millions)



NET INCOME (\$ millions)

* Includes transfers from Rate Stabilization Fund



DEBT SERVICE COVERAGE (Times)

* Includes transfers from Rate Stabilization Fund



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