

Indiana Municipal Power Agency
Consolidated Interim Financial Statements as of June 30, 2024 and for
the Six Months ended June 30, 2024 and 2023 (Unaudited)

Indiana Municipal Power Agency

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REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners of
Indiana Municipal Power Agency

Results of Review of Interim Financial Information

We have reviewed the accompanying consolidated interim financial information of Indiana Municipal Power Agency and its subsidiary (the "Agency"), which comprise the consolidated statement of net position as of June 30, 2024, and the related consolidated statements of revenues, expenses and changes in net position and of cash flows for the six-month periods ended June 30, 2024 and 2023.

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated interim financial information for it to be in accordance with accounting principles generally accepted in the United States of America.

Basis for Review Results

We conducted our review in accordance with auditing standards generally accepted in the United States of America (US GAAS) applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. A review of interim financial information is substantially less in scope than an audit conducted in accordance with US GAAS, the objective of which is an expression of an opinion regarding the financial information as a whole, and accordingly, we do not express such an opinion. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our review. We believe that the results of the review procedures provide a reasonable basis for our conclusion.

Responsibilities of Management for the Consolidated Interim Financial Information

Management is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated interim financial information that is free from material misstatement, whether due to fraud or error.

Other Matters:

We previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated statement of net position of Indiana Municipal Power Agency and its subsidiary as of December 31, 2023, and the related consolidated statements of revenues, expenses, and changes in the net position and of cash flows for the year then ended (not presented herein), and in our report dated March 21, 2024 which included a paragraph with respect to the limited procedures we performed over the required supplemental information, we expressed an unmodified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated statement of net position as of December 31, 2023, is consistent, in all material respects, with the audited consolidated statement of net position from which it has been derived.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chicago, Illinois
September 10, 2024

**INDIANA MUNICIPAL POWER AGENCY
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION**

(in thousands)

For the Six Months Ended June 30,	2024	2023
Operating Revenues		
Sales to municipalities	\$ 221,286	\$ 219,548
Other revenues	4,362	4,550
Total Operating Revenues	225,648	224,098
Operating Expenses		
Purchased power	55,971	70,827
Fuel	37,714	30,947
Production	15,278	16,233
Transmission and local facilities	33,998	25,922
Other operating	11,685	10,995
Maintenance	9,150	10,342
Depreciation	35,580	34,289
Future recoverable costs	(5,294)	(5,708)
Total Operating Expenses	194,082	193,847
Operating Income	31,566	30,251
Non-Operating Expenses (Income)		
Interest expense	29,973	30,893
Accretion of premiums received on debt	(4,215)	(4,484)
Interest income	(13,786)	(10,106)
Other non-operating income	(1,125)	(709)
Total Non-Operating Expenses (Income)	10,847	15,594
Change in Net Position	20,719	14,657
Net Position at Beginning of Year	515,111	478,036
Net Position at End of Year	\$ 535,830	\$ 492,693

The accompanying notes are an integral part of the above statements.

INDIANA MUNICIPAL POWER AGENCY

CONSOLIDATED STATEMENTS OF NET POSITION

(in thousands)

	(Unaudited) June 2024	December 2023
Assets		
Utility Plant		
Utility plant in service	\$ 1,994,584	\$ 1,973,137
Less: accumulated depreciation	(802,565)	(770,721)
	1,192,019	1,202,416
Construction work in progress	64,955	61,164
Total Utility Plant, Net	1,256,974	1,263,580
Long-Term Investments	11,135	25,510
Restricted Cash and Cash Equivalents	171,468	170,590
Current Assets		
Unrestricted cash and cash equivalents	206,310	176,829
Short-term investments	25,224	34,998
Municipality accounts receivable	95,300	79,527
Fuel stock and material inventory	32,548	32,236
Other current assets	35,499	49,689
Total Current Assets	394,881	373,279
Non-Current Assets	161,147	162,397
Deferred Outflow of Resources	84,077	78,511
Total Assets and Deferred Outflow of Resources	\$ 2,079,682	\$ 2,073,867
Net Position, Liabilities and Deferred Inflow of Resources		
Net Position		
Net investment in capital assets	\$ (67,502)	\$ (106,604)
Restricted	129,787	152,969
Unrestricted	473,545	468,746
Total Net Position	535,830	515,111
Non-Current Liabilities		
Long-term revenue bonds, net	1,282,221	1,329,969
Other non-current liabilities	63,809	65,451
Total Non-Current Liabilities	1,346,030	1,395,420
Current Liabilities		
Current maturities of revenue bonds	42,255	40,215
Accounts payable	24,634	27,869
Accrued interest on revenue bonds	29,079	30,072
Accrued liabilities	52,894	17,123
Total Current Liabilities	148,862	115,279
Deferred Inflow of Resources	48,960	48,057
Total Net Position, Liabilities and Deferred Inflow of Resources	\$ 2,079,682	\$ 2,073,867

The accompanying notes are an integral part of the above statements.

INDIANA MUNICIPAL POWER AGENCY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

For the Six Months Ended June 30,	2024	2023
Cash Flows From Operating Activities:		
Receipts from municipalities	\$ 249,230	\$ 230,714
Other operating receipts	4,362	4,550
Payments for purchased power	(62,074)	(75,065)
Payments for fuel	(36,560)	(38,007)
Payments for production	(16,837)	(20,544)
Payments for transmission and local facilities	(31,913)	(31,050)
Cash deposits as collateral	5,000	(14,377)
Payments for other operating expenses	(14,086)	(9,879)
Payments for maintenance	(9,365)	(10,422)
Net cash provided by operating activities	87,757	35,920
Cash Flows From Capital And Related Financing Activities:		
Net additions to utility plant	(25,769)	(30,289)
Proceeds from sale of capital assets	1,956	2,771
Principal payments on long-term debt	(40,215)	(30,495)
Interest payments	(30,987)	(31,078)
Net cash used in capital and related financing activities	(95,015)	(89,091)
Cash Flows From Investing Activities:		
Investment Purchases	-	(116,225)
Maturities and called investments	24,516	90,045
Interest income and other	13,101	9,836
Joint Transmission System deposit	-	(5,000)
Net cash provided by (used in) investing activities	37,617	(21,344)
Net Increase (Decrease) in Cash and Cash Equivalents	30,359	(74,515)
Restricted and Unrestricted Cash and Cash Equivalents:		
Balances at Beginning of Year	347,419	338,894
Balances at End of Year	\$ 377,778	\$ 264,379

The accompanying notes are an integral part of the above statements.

INDIANA MUNICIPAL POWER AGENCY
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(in thousands)

For the Six Months Ended June 30,	2024	2023
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 31,566	\$ 30,251
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	35,580	34,289
Future recoverable costs	(5,294)	(5,708)
Changes in other assets and liabilities:		
Municipality accounts receivable	(15,773)	(8,512)
Fuel stock and material inventory	(270)	(5,106)
Accounts payable	(5,287)	(16,076)
Other	47,235	6,782
Net cash provided by operating activities	\$ 87,757	\$ 35,920

The accompanying notes are an integral part of the above statements.

INDIANA MUNICIPAL POWER AGENCY CONSOLIDATED FINANCIAL STATEMENTS' NOTES

1. Organization and Significant Accounting Policies

Organization and Operations

Indiana Municipal Power Agency (IMPA or the Agency) is a body corporate and politic and a political subdivision of the State of Indiana. IMPA was created in June of 1980 by a group of municipalities for the purpose of jointly financing, developing, owning and operating electric generation and transmission facilities appropriate to the present and projected energy needs of its participating members. IMPA serves 60 Indiana cities and towns and one Ohio village. IMPA sells power to its members under long-term power sales contracts (the Power Sales Contracts). The members resell the power to retail customers within their respective municipal service territories. IMPA's owned nameplate generating capacity is 1001 megawatts (MW) or 82% of IMPA's 2023 peak demand (IMPA's maximum annual hourly load). The remainder of IMPA's power is purchased from other utilities under long-term contracts with varying terms and expiration dates. Power is delivered to members through an integrated transmission system known as the Joint Transmission System (JTS), jointly-owned by IMPA, Duke Energy Indiana, Inc. (DEI), and Wabash Valley Power Association (WVPA); and, transmission service arrangements with other utilities and regional transmission organizations.

IMPA Service Corp was created by the Agency as a not-for-profit corporation to provide cost-effective services beyond power supply and transmission to members and other municipal utilities.

Principles of Consolidation

The consolidated financial statements include the accounts of the Agency and its affiliate, IMPA Service Corp. All significant intercompany account balances and transactions have been eliminated in consolidation.

Basis of Presentation

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP). IMPA has implemented all Governmental Accounting Standards Board (GASB) pronouncements. To the extent that GASB does not have applicable accounting standards, IMPA has chosen the option to implement Financial Accounting Standards Board (FASB) pronouncements.

Utility Plant

IMPA provides power to the communities it serves through ownership of utility plant, which includes: (1). an undivided 24.95% ownership in the 625 MW Gibson Unit 5 generating facility (Gibson Unit 5) placed in service in 1982; (2). an undivided 12.88% ownership in the 514 MW Trimble County Unit 1 generating facility (Trimble County Unit 1) placed in service in 1990; (3). an undivided 12.88% ownership in the 750 MW Trimble County Unit 2 generating facility (Trimble County Unit 2) constructed at the same site as Trimble County Unit 1 and placed in service in 2011; (4). an undivided 12.64% ownership in the 1600 MW Prairie State Generating Company, LLC (PSGC or Prairie State)

placed in service in 2012; (5). seven wholly-owned combustion turbines and associated facilities aggregating 419 MW (two 41 MW units placed in service in 1992 and one 85 MW unit placed in service in 2004 located in Anderson, Indiana, two 41 MW units placed in service in 1992 located near Richmond, Indiana, and two 85 MW units located in Indianapolis, Indiana, placed in service in 2000; and (6). 25 wholly-owned solar generating facilities with a total generating capacity of approximately 61 MW in member communities.

Based on future economics, IMPA, DEI and WVPA, the joint owners of Gibson Unit 5, are considering closure of Gibson Unit 5 as early as 2030.

The Agency capitalizes fixed assets with an original cost greater than \$25,000, except for jointly-owned utility plant, which are capitalized based on the policies defined by DEI for Gibson Unit 5, by LG&E for Trimble County Unit 1 and Unit 2 and by PSGC for Prairie State Units 1 and 2, the coal mine and other Prairie State facilities. Utility plant is recorded at cost. Construction overhead costs include salaries, payroll taxes, fringe benefits and other expenses. The original cost of property replaced or retired, less salvage, is charged to accumulated depreciation. Depreciation is recorded over the estimated useful lives of the utility plant by using the straight-line method. The effective composite depreciation rate on utility plant is approximately 3.4% at June 30, 2024 and December 31, 2023.

IMPA's ownership interest in Prairie State includes an interest in coal reserves with an original cost net of depletion of \$7.0 and \$7.2 million at June 30, 2024 and 2023, respectively.

At June 30, 2024 and December 31, 2023, construction work in progress (CWIP) included construction costs for ongoing utility plant capital improvements.

Solar Generation Facilities (Solar Parks) Agreements

IMPA has entered into power purchase agreements whereby IMPA has agreed to purchase all of the output from certain solar generation facilities (Solar Parks) located in IMPA member communities with a total capacity of approximately 135 MW. The Solar Parks were all engineered, procured and constructed (EPC) by IMPA. All power purchase contracts are for 25 years from when the respective Solar Park went into commercial operation. The power purchase contracts provide IMPA an option to buy the Solar Parks after six years.

As part of these power purchase agreements, IMPA loaned the respective purchaser a portion of the EPC price. The notes receivable are included in Non-Current Assets on the Consolidated Statements of Net Position.

IMPA records the difference between the EPC price and construction costs to a liability account. If the solar park is purchased back in the future, the difference will either be added to or subtracted from the basis of the reacquired solar park. The liability is included in Other Non-Current Liabilities on the Consolidated Statements of Net Position.

During 2023, the option to buy the solar parks under five of the solar park power purchase contracts became eligible to exercise. IMPA purchased the solar parks with a combined capacity of approximately 12 MW. Upon purchase of the solar parks, the associated power purchase contracts were terminated.

Funds

IMPA's Master Power Supply System Revenue Bond Resolution (the Bond Resolution) requires the creation and maintenance of certain funds and accounts. The Restricted Funds under the Bond Resolution are the Debt Service Fund and the Debt Service Reserve Fund. The Bond Resolution allows for the creation and maintenance of the Rate Stabilization Account, the Reserve and Contingency Fund, and the Asset Retirement Obligation Fund, the use of which is restricted by Board resolution. The Construction Fund includes restricted proceeds from bonds issued for specified capital projects. The Revenue Fund, the General Reserve Fund and the Operation and Maintenance Fund are all unrestricted and are to be used for the operating needs of the Agency.

Restricted and Unrestricted Cash and Cash Equivalents

IMPA considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Fair Value Measurements

IMPA uses fair value to measure certain financial instruments, including U.S. government agencies and treasury securities, with related unrealized gains or losses generally affecting regulatory assets and deferred inflow of resources. See Deferred Outflow of Resources and Deferred Inflow of Resources.

Hedging Derivative Instruments

IMPA accounts for derivatives in accordance with GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments" (GASB 53). GASB 53 requires that hedging derivative instruments ("Hedging Transactions") be recorded at fair value and establishes certain requirements for revenue recognition, measurement and disclosure related to Hedging Transactions. IMPA's Hedging Transactions have been tested for effectiveness under the guidelines prescribed by GASB 53. IMPA utilized one of the three quantitative methods required by GASB 53, the regression analysis method. This method evaluates the effectiveness of a hedge transaction by comparing the statistical relationship between the cash flows of the potential hedging item and the hedgeable item. The effectiveness testing of IMPA's Hedging Transactions demonstrated that the hedges are effective as defined by GASB 53. See Note 5 for specific disclosures related to derivatives.

Fuel Stock and Material Inventory

Fuel stock and materials and supplies are valued at average cost. The cost of fuel and materials used in production are expensed as recovered through revenues.

Deferred Outflow and Inflow of Resources

In accordance with GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance" (GASB 62), IMPA's consolidated financial statements reflect the rate making actions of the Board of Commissioners that result in the recognition of revenues and expenses in different time periods than entities that are not rate regulated. Deferred outflow of resources are expenditures incurred by the Agency that will be recovered in rates in future periods. Deferred inflow of resources are revenues collected in rates for expenses not yet incurred by the Agency.

Deferred outflow and inflow of resources consist of the following (in thousands):

Deferred Outflow of Resources	June 2024	December 2023
Regulatory Assets:		
Debt service net of related depreciation and amortization	\$ 34,357	\$ 30,414
Capital assets associated with asset retirement obligations	8,435	8,142
Future member rate benefits from sale of solar parks	14,597	12,034
Net valuation of financial instruments	1,183	1,138
Total Regulatory Assets	58,572	51,728
Other Deferred Outflow of Resources	25,505	26,783
	\$ 84,077	\$ 78,511

Deferred Inflow of Resources	June 2024	December 2023
Reserve for contingencies	\$ 31,356	\$ 30,486
Valuation of inventories	2,369	2,336
Deferred investment tax credits	15,235	15,235
	\$ 48,960	\$ 48,057

Deferred inflow of resources includes approximately \$15.2 million of accrued direct pay investment tax credits for solar generating facilities constructed and wholly owned by the Agency.

Employee Benefit Plan

IMPA maintains a 401(k) and 457(b) plan on behalf of all employees meeting certain eligibility requirements regarding length of employment, age and employee contributions.

Committed Line of Credit

On March 1, 2023, IMPA entered into a \$100 million committed line of credit agreement (the Credit Agreement) with Bank of America. Under the Credit Agreement, IMPA may draw funds and/or post standby letters of credit. The Credit Agreement expires on March 1, 2026. At June 30, 2024, IMPA had posted letters of credit totaling \$10.5 million. The Credit Agreement is subordinated to IMPA's long-term revenue bonds. The Credit Agreement provides that Bank of America may only require repayment prior to expiration if certain terms of default occur.

IMPA previously had a Credit Agreement with PNC Bank. The Credit Agreement with PNC was terminated on March 1, 2023.

Revenue Recognition and Rates

IMPA sets rates in accordance with the Bond Resolution. The Bond Resolution requires the establishment of rates that, together with other revenues, are reasonably expected to pay IMPA's operating costs (excluding depreciation and amortization), and at least 110% of the Agency's aggregate debt service. IMPA's debt service requirements are designed to be relatively equal over the life of the bonds to help provide stable rates to the communities IMPA serves (Members). Rates are not subject to state or federal regulation. The debt service included in rates provides for full cost recovery of the utility plant assets over a period not exceeding the utility plant useful lives.

Revenues are recognized on an accrual basis when energy is delivered, while the Members are billed using budget rates. Differences between the accrued rate and the billed rate are collected from or returned to the members via a tracker in subsequent periods. The amount to be paid to the Members (a regulatory liability) at June 30, 2024 was \$32.6 million. The amount to be paid to IMPA (a regulatory asset) at December 31, 2023 was \$11.1 million. The regulatory liability is included in accrued liabilities and the regulatory asset is included in other current assets in the consolidated statements of net position at June 30, 2024 and December 31, 2023, respectively.

Operating Revenues

Operating revenues include sales to municipalities and other revenues. The Power Sales Contracts are the underlying agreements that serve as the basis for IMPA's revenues from sales to Members. Under the Power Sales Contracts, IMPA's obligation is to deliver electricity to Members. Member communities consume electricity upon delivery and payment for electricity consumed is due within 30 days of receipt of invoice.

Operating Expenses

IMPA's operating expenses are defined as purchased power and expenses directly related to, or incurred in support of, the production and transmission of electricity to the Members IMPA serves.

Non-Operating Expenses

Non-operating expenses include interest income and expenses, costs related to the issuance of bonds, amortization of bond premiums, Build America Bond (BAB) subsidies, direct pay investment tax credits earned and other non-operating revenues and expenses.

IMPA Service Corp

IMPA Service Corp's revenues and expenses are reported as other revenues and other operating expenses, respectively.

Regional Transmission Organizations (RTOs)

IMPA is a transmission owning member of the Midcontinent Independent System Operator (MISO) and a transmission dependent utility of the MISO and PJM Interconnection, LLC (PJM). The MISO schedules, manages and oversees operational control of the JTS.

The MISO and PJM are independent organizations whose purposes are to ensure the reliability of their respective integrated, regional electrical transmission systems, to facilitate a regional wholesale marketplace, to provide non-discriminatory access to the transmission system and to maintain and improve electric system reliability.

IMPA records all net sales through MISO and PJM to purchase power on the Consolidated Statements of Revenues, Expenses and Changes in Net Position.

Income Taxes

IMPA, as a political subdivision of the State of Indiana, is exempt from federal and state income taxes. IMPA qualifies for federal income tax exclusion under Internal Revenue Code section 115. IMPA Service Corp is exempt from federal income tax under Internal Revenue Code section 501(a) as a 501(c)(3) organization.

Use of Estimates

The preparation of the consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The reported results of operations are not indicative of results of operations for any future period.

Accounting Pronouncements Issued

During 2022, the GASB issued Statement No. 100, "Accounting Changes and Error Corrections — an amendment of GASB Statement No. 62" (GASB 100). GASB 100 enhances accounting and financial reporting for accounting changes and error corrections. GASB 100 is effective for fiscal years beginning after June 15, 2023. IMPA believes that GASB 100 will not have a material impact on IMPA's consolidated financial statements.

During 2022, the GASB issued Statement No. 101, "Compensated Absences" (GASB 101). GASB 101 updates the recognition and measurement guidance for compensated absences. GASB 101 is effective for fiscal years beginning after June 15, 2023. IMPA believes that GASB 101 will not have a material impact on IMPA's consolidated financial statements.

In January 2024, the GASB issued Statement No. 102, "Certain Risk Disclosures" (GASB 102). GASB 102 requires disclosure of essential information about risks related to vulnerabilities due to certain concentrations or constraints. GASB 102 is effective for fiscal years beginning after June 15, 2024. IMPA believes that GASB 102 will not have a material impact on IMPA's consolidated financial statements.

In April 2024, the GASB issued Statement No. 103, "Financial Reporting Model Improvements" (GASB 103). The objective of GASB 103 is to improve key components of the financial reporting model. GASB 103 is effective for fiscal years beginning after June 15, 2025. IMPA believes that GASB 103 will not have a material impact on IMPA's consolidated financial statements.

2. Capital Assets

Capital asset activity for the years ended June 30, 2024 and 2023, was as follows (in thousands):

June 2024	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Utility plant in service	\$ 1,973,137	\$ 2,240	\$ 22,507	\$ (3,300)	\$ 1,994,584
Construction work in progress	61,164	26,298	(22,507)	-	64,955
Total Utility Plant (Gross)	2,034,301	28,538	-	(3,300)	2,059,539
Less accumulated depreciation for utility plant in service	(770,721)	(33,990)	-	2,146	(802,565)
	\$ 1,263,580	\$ (5,452)	\$ -	\$ (1,154)	\$ 1,256,974

2023	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Utility plant in service	\$ 1,867,478	\$ 10,171	\$ 101,878	\$ (6,390)	\$ 1,973,137
Construction work in progress	128,283	34,872	(101,878)	(113)	61,164
Total Utility Plant (Gross)	1,995,761	45,043	-	(6,503)	2,034,301
Less accumulated depreciation for utility plant in service	(707,005)	(67,010)	-	3,294	(770,721)
	\$ 1,288,756	\$ (21,967)	\$ -	\$ (3,209)	\$ 1,263,580

3. Cash, Cash Equivalents and Investments

A Board policy governs IMPA's investments and deposits. IMPA's authorized investments include money market funds, federal agencies, investment contracts, US treasuries, commercial paper and repurchase agreements if the instruments meet certain minimum rating requirements.

During the six months ended June 30, 2024 and the year ended December 31, 2023, IMPA recorded a net increase in fair value of investments of \$1.2 million and \$4.0 million, respectively. To the extent any unrealized gains or losses are realized in the future, those realized gains or losses are refundable or recoverable through IMPA's rate-making methodology. Accordingly, any unrealized gains or losses at June 30, 2024 and December 31, 2023 have been included in regulatory assets on IMPA's consolidated statements of net position. See Note 1, Organization and Significant Accounting Policies, Deferred Outflow and Inflow of Resources.

Cash and cash equivalents are deposited in cash and money market accounts. At June 30, 2024 and December 31, 2023, approximately \$377 million and \$344 million, respectively of IMPA's cash & cash equivalents were invested in money market accounts that invest predominately in securities issued or guaranteed as to principal and interest by the U.S. government or its agencies or instrumentalities, repurchase agreements collateralized solely by cash and/or government securities, and cash. The carrying amount of cash and cash equivalents approximates fair value due to the short maturity of the instruments.

At June 30, 2024 and December 31, 2023, the original cost and the estimated fair values of the Agency's cash, cash equivalents and investments were as follows (in thousands):

INVESTMENT TYPE	2024		2023	
	Cost	Estimated Fair Value	Cost	Estimated Fair Value
Long-Term Investments:				
Restricted:				
U.S. Treasuries	\$ 11,083	\$ 11,135	\$ 25,451	\$ 25,510
Total Long-Term Investments	11,083	11,135	25,451	25,510
Restricted and Unrestricted Cash and Cash Equivalents:				
Restricted	171,468	171,468	170,590	170,590
Unrestricted	206,310	206,310	176,829	176,829
Total Restricted and Unrestricted Cash and Cash Equivalents	377,778	377,778	347,419	347,419
Short-Term Investments:				
Restricted:				
U.S. Treasuries	25,156	25,224	35,033	34,998
Total Short-Term Investments	25,156	25,224	35,033	34,998
Total	\$ 414,017	\$ 414,137	\$ 407,903	\$ 407,927

The debt service account is comprised of current principal payments and interest due on long-term debt payable on the first business day of the subsequent year. The Bond Resolution restricts the debt service account, the debt service reserve fund and the construction fund. Additionally, certain accounts are restricted by Board resolution, including the rate stabilization account. See Note 1, Organization and Significant Accounting Policies, Funds.

All long-term investments mature in less than five years.

At June 30, 2024 and December 31, 2023, the Agency's cash, cash equivalents and investments were restricted as follows (in thousands):

FUND	2024		2023	
	Cost	Estimated Fair Value	Cost	Estimated Fair Value
Unrestricted	\$ 206,310	\$ 206,310	\$ 176,829	\$ 176,829
Restricted by Board:				
Rate Stabilization Fund	28,620	28,620	28,738	28,738
Other Board Restricted Accounts	52,490	52,490	50,434	50,431
Restricted by Bond Resolution:				
Debt Service Reserve Fund	76,065	76,185	76,314	76,341
Debt Service Account	50,532	50,532	70,792	70,792
Construction Fund	-	-	4,796	4,796
Total	\$ 414,017	\$ 414,137	\$ 407,903	\$ 407,927

4. Net Position

At June 30, 2024 and December 31, 2023, the Agency's net position included the following components (in thousands):

	2024	2023
Net investment in capital assets	\$ (67,502)	\$ (106,604)
Restricted for debt service	21,453	40,720
Restricted for debt service reserve	76,185	76,341
Restricted for bond financed construction projects	-	4,796
Restricted by Board resolution	32,149	31,112
Unrestricted	473,545	468,746
	\$ 535,830	\$ 515,111

5. Hedging Transactions

IMPA purchases futures power and gas contracts (the Futures Contracts) to minimize the cost volatility of purchased power in the energy markets and fuel costs. IMPA does not purchase derivatives for speculative purposes. The acquisition of Futures Contracts allows IMPA to effectively plan and set stable rates from period to period for IMPA's Members. Certain of IMPA's Futures Contracts are settled by a cash payment that is equal to the differential between the contract price and the settlement price (financially settled). Financially settled Futures Contracts are hedging derivative instruments as defined by GASB 53. IMPA has entered into hedging transactions in the MISO energy market, the PJM energy market and the natural gas market.

IMPA is required to test its hedging transactions for effectiveness as of the reporting date as defined by GASB 53. IMPA's outstanding hedging transactions at December 31, 2023 and 2022 have been determined by management to be effective. Accordingly, IMPA's outstanding hedging transactions are reported in the Agency's June 30, 2024 and December 31, 2023 consolidated statements of net position at fair value. The fair market value for each of IMPA's hedging transactions have been determined by computing the difference between the contractual futures price and the published futures price at the respective market's settlement point(s) at market closing as of June 30, 2024 and December 31, 2023. The power hedging transactions settle and are valued at either the Indiana Hub or the AEP Dayton Hub.

As of June 30, 2024, the Agency has recorded unrealized gains and losses in other current assets of approximately \$0.7 million, other accrued liabilities of approximately \$4.7 million, and non-current liabilities of approximately \$6.1 million. As of December 31, 2023, the Agency has recorded unrealized gains and losses in other current assets of approximately \$0.7 million, other accrued liabilities of approximately \$3.0 million, and non-current liabilities of approximately \$7.6 million.

The following tables provide information related to IMPA's outstanding derivative instruments as of June 30, 2024 and December 31, 2023 (in thousands).

June 30, 2024

Trade Date Range	Duration	Notional Amount	Ending Fair Value	
			Classification	Amount
Mar 2017 thru Mar 2024	Jul 2024 thru Jun 2025	1,175 MW	Other current assets	\$ 4,662
Mar 2017	Jul 2025 thru Dec 2026	1,000 MW	Non-current assets	6,059
Oct 2023 thru Mar 2024	Jul 2024 thru May 2025	500 MW	Accrued liabilities	(655)
				\$ 10,066

December 31, 2023

Trade Date Range	Duration	Notional Amount	Ending Fair Value	
			Classification	Amount
Mar 2017 thru Dec 2023	Jan 2024 thru Dec 2024	1,000 MW	Other current assets	\$ 3,035
Mar 2017	Jan 2025 thru Dec 2026	1,450 MW	Non-current assets	7,594
Oct 2023 thru Dec 2023	Jun 2024 thru Nov 2024	525 MW	Accrued liabilities	(682)
				\$ 9,947

Credit Risk

All of IMPA's hedging transactions were transacted on exchanges. Exchanges are designed to avoid contract defaults and credit risk. Exchanges utilize clearing houses to guarantee the performance of each market participant for each transaction. The clearing house requires every market participant to deposit funds into a margin account. There is a required deposit for a percent of the nominal value of outstanding contracts and a deposit to reflect each market participant's daily gain or loss in the market. These funds are held by the clearing house and available to settle any defaults by market participants, thus mitigating credit risk related to IMPA's outstanding financially settled forward power contracts.

Basis Risk

IMPA is exposed to basis risk on its hedging transactions because the pricing point of the hedged commodity may settle at a different pricing point than the hedge transaction (Indiana Hub or AEP-Dayton Hub). At June 30, 2024 and December 31, 2023, the Indiana Hub price was \$31.85 and \$28.28 per MWh and the AEP-Dayton Hub price was \$29.35 and \$26.99 per MWh, respectively.

Termination Risk

IMPA is exposed to termination risk on its hedging transactions because a counterparty may fail to perform under the terms of one or more contracts resulting in the termination of the contract with that counterparty. IMPA's termination risk is mitigated for those forward power contracts transacted on the Exchanges.

Commitments

IMPA and its counterparties post collateral to support certain power purchase futures agreements. At June 30, 2024 and December 31, 2023, IMPA's counterparties had net collateral posted to IMPA of \$5.9 million and \$0.9 million, respectively. Net collateral posted to IMPA is included in accrued liabilities on the consolidated statement of net position.

6. Long-Term Revenue Bonds

IMPA issues Power Supply System Revenue Bonds to finance its acquisition and construction of utility plant. Long-term revenue bonds issued and outstanding at June 30, 2024 and December 31, 2023, consist of the following (in thousands):

Bond Series	Interest Rates	Due Date January 1,	Optional Redemption Date	2024	2023
2009 Series C	7.350%	2024	-	\$ -	\$ 1,480
2010 Series A	5.594%	2031 to 2042	-	123,640	123,640
2013 Series A	4.750% - 5.250%	2024 to 2042	July 1, 2023	20,250	22,035
2014 Series A	5.000%	2024 to 2032	January 1, 2025	130,525	142,895
2016 Series A	4.000% - 5.000%	2033 to 2042	July 1, 2026	366,350	366,350
2016 Series C	3.000% - 5.000%	2024 to 2039	July 1, 2027	131,205	139,330
2017 Series A	5.000%	2024 to 2042	January 1, 2028	192,505	199,160
2019 Series A	4.000% - 5.000%	2024 to 2042	January 1, 2029	109,680	113,450
2019 Series B	Variable	2024 to 2042	-	55,885	57,075
2022 Series A	5.000% - 5.500%	2024 to 2053	January 1, 2032	89,260	94,100
				1,219,300	1,259,515
Less current maturities				(42,255)	(40,215)
Long-term revenue bonds				1,177,045	1,219,300
Unamortized premium, net				105,176	110,669
				\$ 1,282,221	\$ 1,329,969

The 2010 Series A Bonds are designated as direct payment Build America Bonds and have make-whole optional redemption and extraordinary optional redemption provisions. The 2019 Series B Bonds are currently callable at a redemption price of 100%.

All other bonds are callable on or after the optional redemption date at a redemption price of 100%.

Debt service requirements based on contractual maturities at June 30, 2024 were as follows (in thousands):

	Principal	Interest
2025	\$ 42,255	\$ 60,394
2026	44,345	58,293
2027	46,555	56,089
2028	48,865	53,775
2029	51,680	51,345
2030-2034	298,830	216,280
2035-2039	379,510	135,603
2040-2044	280,015	36,894
2045-2049	13,510	6,086
2050-2053	13,735	1,939
	\$ 1,219,300	\$ 676,698

Long-term revenue bond activity for the periods ended June 30, 2024 and December 31, 2023, was as follows (in thousands):

June 30, 2024	Beginning Balance	Additions	Reductions	Ending Balance
Long-term revenue bonds	\$ 1,259,515	\$ -	\$ (40,215)	\$ 1,219,300
Less:				
Current maturities	(40,215)	40,215	(42,255)	(42,255)
Unamortized premium, net	110,669	-	(5,493)	105,176
	\$ 1,329,969	\$ 40,215	\$ (87,963)	\$ 1,282,221

December 31, 2023	Beginning Balance	Additions	Reductions	Ending Balance
Long-term revenue bonds	\$ 1,290,010	\$ -	\$ (30,495)	\$ 1,259,515
Less:				
Current maturities	(30,495)	30,495	(40,215)	(40,215)
Unamortized premium, net	122,158	-	(11,489)	110,669
	\$ 1,381,673	\$ 30,495	\$ (82,199)	\$ 1,329,969

Certain Debt Covenants

IMPA's long-term revenue bonds are payable from and secured by a pledge of and security interest in all revenues, income, rents and receipts attributable to the Agency's ownership and operation of IMPA's power supply system and certain funds established by the Bond Resolution including IMPA's Unrestricted and Restricted By Bond Resolution funds. See Note 3, Cash, Cash Equivalents and Investments. IMPA's Members, the State of Indiana nor any political subdivision of Indiana are obligated to pay the debt service on IMPA's long-term revenue bonds.

The Bond Resolution has no subjective acceleration provisions or events of default that change the timing of repayment.

Debt Service Coverage

The IMPA Power Supply System Revenue Bond Resolution (Resolution) contains covenants that require IMPA to collect through rates 1.1 times the current year's accrued aggregate debt service. Debt service coverage was 1.41 times and 1.36 times for the six months ended June 30, 2024 and the year ended December 31, 2023, respectively. Debt service coverage for 2023 was calculated based on approximately \$40.2 million of principal and approximately \$61.9 million of 2023 interest expense payable during 2023 and in January 2024. Management believes that IMPA is in compliance with all financial debt covenants and restrictions as of June 30, 2024.

2010 Series A Build America Bonds (BAB)

BAB subsidies are included in other non-operating income on the consolidated statements of revenues, expense and changes in net position. BABs subsidies for the six months ended June 30, 2024 and twelve months ended December 31, 2023 (in \$ thousands):

	2024	2023
BAB subsidies	\$ 1,140	\$ 2,282

2019 Series B Variable Rate Bonds

The 2019 Series B Variable Rate Bonds (2019 B Bonds) are secured by an irrevocable transferable direct pay letter of credit (Letter of Credit) issued for the benefit of the owners of the 2019 Series B Bonds. The interest rates on the 2019 Series B Bonds is adjusted daily, and bondholders may require repurchase of the 2019 Series B bonds at the time of such interest rate adjustments. Through the Letter of Credit, the Agency has the right of direct offset with its lender for any repurchases. These bonds have a contractual maturity of January 1, 2042. The Letter of Credit has a contractual maturity of December 19, 2024. The interest rate at June 30, 2024 on the 2019 Series B Bonds was 4.9%.

IMPA is currently in the process of negotiating a replacement irrevocable transferable direct pay letter of credit (Replacement Letter of Credit) to replace the existing Letter of Credit. The Replacement Letter of Credit will have substantially the same terms and conditions as the existing Letter of Credit. However, if IMPA were unable to finalize negotiations on the Replacement Letter of Credit and unable to secure an extension or replacement prior to the maturity of the Letter of Credit and the bondholders put back the bonds to the current Letter of Credit provider the debt would be settled through installment payments over a period of five years. The first payment would be made during the sixth month after the debt is called.

7. Fair Value of Financial Instruments

As defined in the fair value measurements standard, fair value is the price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between willing market participants on the measurement date. This standard establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy defined by the fair value measurement standard are as follows:

Level 1

Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those where transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. IMPA's Level 1 assets primarily consist of money market funds that are listed on active exchanges which are included in unrestricted cash and cash equivalents and restricted cash and cash equivalents on the consolidated statements of net position. IMPA does not have any liabilities that meet the definition of Level 1.

Level 2

Pricing inputs are either directly or indirectly observable in the market as of the reporting date, other than quoted prices in active markets included in Level 1. Level 2 includes those financial instruments that are valued using models or other valuation methodologies based on assumptions that are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. These models are primarily industry-standard models that consider various assumptions, including time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. IMPA's Level 2 assets and liabilities consist primarily of debt securities and financially settled futures contracts, which are included in long-term investments, short-term investments, other current assets, non-current assets, accrued liabilities, and other non-current liabilities.

Level 3

Pricing inputs that are generally unobservable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. IMPA does not have any assets or liabilities that meet the definition of Level 3.

IMPA utilizes market data and assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable.

IMPA primarily applies the market approach for recurring fair value measurements using the best information available. Accordingly, IMPA maximizes the use of observable inputs and minimizes the use of unobservable inputs.

The carrying amounts of cash, accounts receivable and accounts payable approximate their fair value due to their short-term nature.

The following tables set forth IMPA's financial assets and financial liabilities that are accounted for on a recurring basis at fair value by level within the fair value hierarchy. As required by the fair value measurement standard, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. IMPA's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

Recurring fair value measures at June 30, 2024 and December 31, 2023 were as follows (in thousands):

June 30, 2024	Level 1	Level 2	Total
Assets:			
Money market funds	\$ 377,329	\$ -	\$ 377,329
Debt securities	-	36,359	36,359
Futures contracts	-	10,721	10,721
	\$ 377,329	\$ 47,080	\$ 424,409
Liabilities:			
Futures contracts	\$ -	\$ 655	\$ 655

December 31, 2023	Level 1	Level 2	Total
Assets:			
Money market funds	\$ 343,562	\$ -	\$ 343,562
Debt securities	-	60,508	60,508
Futures contracts	-	10,629	10,629
	\$ 343,562	\$ 71,137	\$ 414,699
Liabilities:			
Futures contracts	\$ -	\$ 682	\$ 682

8. Asset Retirement Obligations

Asset retirement obligations represent legal obligations associated with the retirement of tangible long-lived assets that are incurred upon the acquisition, construction, development or normal operation of the assets. IMPA's asset retirement obligations consist primarily of costs associated with the future cost of mine reclamation and closure at Prairie State and with the future closure of waste disposal facilities at IMPA's jointly-owned plants.

Asset retirement obligations are estimated annually during the fourth quarter of the year and recognized in the period in which they are incurred, if a reasonable estimate of fair value can be made. The asset retirement obligations are accreted to their present value at the end of each reporting period. The Agency uses an expected cash flow approach to measure the obligations. Asset Retirement Obligations are included in other non-current liabilities on the statements of net position. IMPA's asset retirement obligations have no impact on change in net position due to the Agency applying the provisions of GASB 62.

The following table presents the details of the Agency's asset retirement obligations for the periods ended June 30, 2024 and December 31, 2023 (in thousands):

	Beginning Balance	Liabilities Settled	Accretion	Cash Flow Revisions	Ending Balance
2024	\$ 16,946	(1,167)	264	470	\$ 16,513
2023	\$ 18,164	(2,200)	571	411	\$ 16,946

IMPA's share of the asset retirement obligations for the Agency's jointly-owned generation at June 30, 2024 and December 31, 2023 was as follows (in thousands):

	2024	2023
Gibson Unit 5	\$ 7,693	\$ 6,039
Prairie State Units 1 & 2	3,734	3,642
Trimble County Units 1 & 2	5,086	7,265
	\$ 16,513	\$ 16,946

IMPA's percentage share of the total asset retirement obligations approximates the Agency's percentage ownership share of each of the respective jointly owned production facilities, see Note 11, Jointly-Owned Plant.

The associated estimated asset retirement costs are capitalized and depreciated over their useful lives. Capitalized asset retirement costs are included in deferred outflow of resources on the statements of net position.

The Agency had restricted assets for the payment of IMPA's share of the asset retirement obligations totaling approximately \$24.4 million and \$22.4 million at June 30, 2024 and December 31, 2023, respectively.

9. Arbitrage

A rebate payable to the Internal Revenue Service (IRS) generally results from the investment of bond proceeds at a higher rate of interest than the cost of borrowing. The excess of interest income over cost of borrowing is payable to the IRS within five years of the date of the bond offering and every five years thereafter. At June 30, 2024 and December 31, 2023, the Agency had a rebate payable or approximately \$5,000. The estimated arbitrage expense is recorded as a reduction of interest income.

10. Concentration of Risk

Credit risk represents the risk of loss that would occur if suppliers or customers did not meet their contractual obligations to IMPA. Concentration of credit risk occurs when significant suppliers or customers possess similar characteristics that would cause their ability to meet contractual obligations to be affected by the same events.

Approximately 29% of the Agency's sales to municipalities were provided to two communities for the periods ended June 30, 2024 and December 31, 2023. Accounts receivable balances for the two communities account for 29% of the total municipality accounts receivable balances as of June 30, 2024 and December 31, 2023. IMPA has long-term energy purchase contracts with one supplier that account for approximately 22% and 25% of IMPA's total energy for the periods ended June 30, 2024 and the year ended December 31, 2023, respectively.

11. Jointly-Owned Plant

IMPA is a joint owner of Gibson Unit 5, Trimble County Units 1 and 2, Prairie State Units 1 and 2 and co-owns certain transmission property and local facilities. IMPA's portion of all operating costs associated with the commonly-owned facilities is reflected in the consolidated financial statements. For further discussion of Jointly-Owned Plant. See Note 1, Organization and Significant Policies, Utility Plant.

IMPA's investments in jointly-owned plant at June 30, 2024 were as follows (in thousands):

	Share	Utility Plant In Service	Accumulated Depreciation
Production			
Gibson Unit 5	24.95%	\$ 203,528	\$ 150,691
Prairie State Units 1 & 2	12.64%	768,856	236,824
Trimble County Units 1 & 2	12.88%	387,353	153,935
Transmission and local facilities	5.67%	312,838	86,668

12. Commitments and Contingencies

Contracts and Capital Expenditures

IMPA has firm commitments under take-or-pay contracts with the Members (the Member Contracts). Sixty of the Member Contracts expire as early as April 1, 2055 and one Member Contract expires as early as April 1, 2042. IMPA has power purchase agreements with several power producers. The total amount of the future power purchase obligations at June 30, 2024 was approximately \$81.4 million for 2024 and \$2.0 billion through 2055.

IMPA anticipates its share of future capital expenditures for Gibson Unit 5, Prairie State Units 1 and 2, Trimble County Units 1 and 2, the combustion turbines, the JTS and other ongoing system projects to total approximately \$328.6 million for the years 2025 through 2029. The projected capital expenditures include both environmental improvements and expenditures of a normal and recurring nature. IMPA anticipates funding the foregoing projected capital improvements with a combination of internally generated funds and proceeds from future debt offerings.

Emissions Regulations

The Environmental Protection Agency (EPA) recently issued final rules governing greenhouse gas emissions, effluent limitations from coal-fired power plants and ozone standards (jointly, the Rules), all of which are currently being challenged in federal court. If the Rules survive legal challenge, then they may have an impact on IMPA's generation sources and existing asset retirement obligations. IMPA continues to monitor the existing and anticipated proposed rules to be issued by the EPA and will take appropriate action concerning the rules as necessary. IMPA is unable to estimate the potential financial impact of the Rules at this time.

Contract Disputes

In the normal course of business, IMPA may be involved in various disputes with other parties. While management cannot predict the ultimate outcome of these disputes, total exposure as of the report issuance date is not material to IMPA's financial position or results of operations.

13. Illinois Senate Bill (“SB”) 2408

In 2021, Illinois passed SB 2408, the Climate and Equitable Jobs Act (CEJA). The CEJA requires a 45% reduction in existing publicly owned Illinois power plant carbon dioxide emissions by June 30, 2038. The CEJA further requires all publicly owned coal-fired generating units to permanently reduce carbon dioxide emission to zero by December 31, 2045.

The CEJA does, however, provide that if the reduction of output from or the closing of any plant creates a resource adequacy shortfall in the State of Illinois the plant can continue to operate until the reliability can otherwise be addressed. Illinois was a net capacity importer in MISO during the 2023/24 planning year. With the announced and required retirements, there is potential that Illinois will need to import even more capacity into the future.

The CEJA has a potential material future impact on IMPA’s ownership share of the Prairie State Generating Company, LLC (Prairie State). IMPA and the other owners of Prairie State have and continue to develop plans to manage the potential impacts of the CEJA. Potential impacts cannot be gauged with certainty at this time.