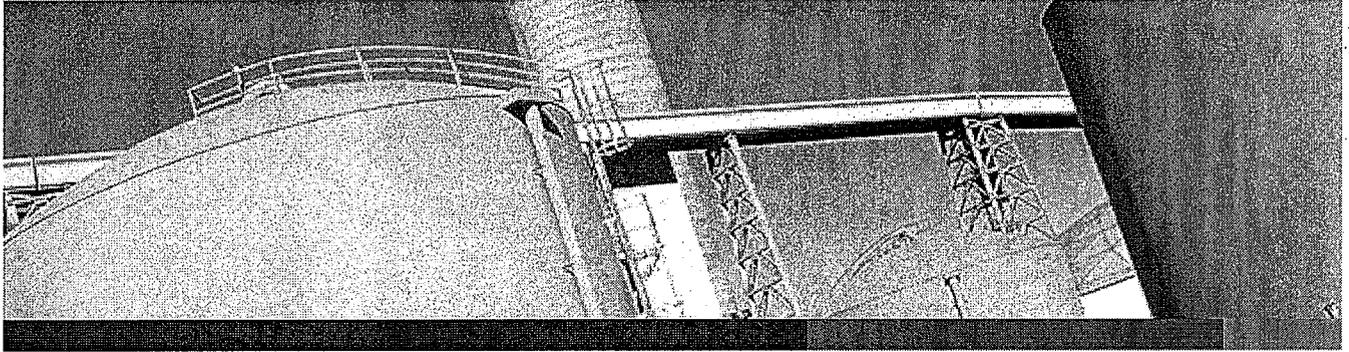
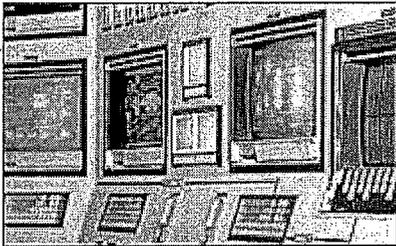


Webpage of the Intermountain Power Agency, at <http://www.ipautah.com/about/>
Accessed December 3, 2009



About Intermountain Power Agency



IPA, a separate legal entity and a political subdivision of the State of Utah, was organized in June 1977, pursuant to The Utah Interlocal Co-operation Act and under the Intermountain Power Agency Organization Agreement, dated May 10, 1977.

IPA was organized for the purposes of undertaking and financing a facility to generate electricity, now known as the Intermountain Power Project. As authorized by the Act, the membership of IPA consists of 23 Utah municipalities that own electric utilities. All member entities are located within the State of Utah and are as follows:

Beaver City	Lehi City
The City of Bountiful	Logan City
City of Enterprise	Town of Meadow
The City of Ephraim	Monroe City
The City of Fairview	Morgan City
Fillmore City	Mount Pleasant
Heber City	Murray City
Town of Holden	Town of Oak City
City of Hurricane	Parowan City
Hyrum City	Price
Kanosh	Spring City
Kaysville City	

Organization

IPA is governed by its Board of Directors elected by and from among the members' representatives. The members of the Board of Directors and the offices they hold are as follows.

Name	Member	Term Ends (Dec. 31)
Ray Farrell - Chairman	Heber City	2010
R. Leon Bowler - Vice Chairman	City of Enterprise	2012
Robert O. Christiansen	Beaver City	2011
Ed Collins	Lehi City	2009
Russell F. Fjeldsted	Logan City	2011
Walter Meacham	Kaysville City	2012
Ted L. Olson - Secretary	Cities of Ephraim and Fairview	2009

Management

The management of IPA is under the direction of its General Manager who serves at the pleasure of the Board of Directors. See [IPA Management](#).

Consultants

IPA employs various legal, financial and technical consultants to assist it in the conduct of its business. The principal consultants employed by IPA during the Report Period are shown below:

Service Provided	Name of Consultant
Counsel to IPA	Holme Roberts & Owen LLC, Salt Lake City, UT
Bond Counsel	Orrick, Herrington & Sutcliffe LLP, New York, NY
Financial Advisor	George K. Baum & Co. Salt Lake City, UT
Independent Auditors	Deloitte & Touche LLP, Salt Lake City, UT
Consulting Engineer	R.W. Beck, Inc., Seattle, WA

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Project History

The concept for the Project began in 1973 when the Intermountain Consumer Power Association ("ICPA") met with a number of Southern California municipalities to explore interest in a joint action agency power project. The Intermountain Power Project Corporation was formed as a non-profit corporation under the laws of the State of Utah on January 18, 1974 for the purpose of investigating the feasibility of constructing and operating a thermal powered generating resource. Shortly thereafter, in July 1974, ICPA and the California Purchasers entered into the IPP Membership and Study Agreement, setting forth membership interests and voting rights in IPP. On June 22, 1977, the 23 Utah municipalities listed above organized IPA as a political subdivision of the State of Utah to finance, construct, operate and maintain the Project. Approximately one year later, on August 24, 1978, Power Sales Contracts were offered and in response the 23 Utah municipalities, six Utah cooperatives, Utah Power & Light Company, and six California municipalities agreed to accept the generation and capacity of the Project. The Power Sales Contracts were signed as of September 28, 1978 with the exception of the California Purchasers that signed as of August 6, 1980. The Power Sales Contracts provide for, among other things, the creation of the Coordinating Committee and for IPA and the Los Angeles Department of Water and Power (the "Department") to enter into a Construction Management and Operating Agreement. At that time the Project was to consist of four coal-fired units, each to be 750 MW.

In 1983 there was a general awareness that loads forecasted for various Purchasers were generally too high and a decision was made to downsize the Project from four to two units. Coincident with the downsizing, the Purchasers amended their Power Sales Contracts to reflect certain adjustments in their entitlement shares resulting from Utah Power and Light Company reducing its interest in the Project from 25 percent to 4 percent. Also in 1983, consideration was given to having SCPPA provide for payments-in-aid of construction for the Southern Transmission System (the "STS") and in January 1984 SCPPA sold \$1 billion of notes and bonds to provide the initial STS funding.

Location of the Project

The three main components of the Project are located primarily in Utah and California. The Generation Station is located near Lynndyl, Millard County, Utah. The STS extends approximately 490 miles from the Generation Station to Adelanto, California with an alternating current/direct current converter station at each end. The Northern Transmission System (the "NTS") consists of two segments. The first segment, consisting of two parallel 345-kV AC transmission lines, extends approximately 50 miles from the Generation Station to a switchyard located near Mona, Utah. The second segment, consisting of a single 230-kV AC transmission line, extends approximately 144 miles from the Generation Station to the Gonder Switchyard located eight miles north of Ely, Nevada.

Purchasers and Sales of Project Output

The Purchasers and their respective entitlement shares of Project generation capability, as provided for in the Power Sales Contracts, are shown in the following table. Generation Entitlement is based upon a net rating of 900 MW each for Unit 1 and for Unit 2, a total of 1800 MW, and giving effect to the Excess Power Sales Agreement among certain of the Participants.

Each of the Utah Municipal Purchasers provides electric utility service principally to customers within its municipal boundaries. The Cooperative Purchasers serve customers in rural areas in parts of Utah, Nevada, Colorado, Wyoming and Arizona. Utah Power & Light Company, which merged with PacifiCorp, an Oregon corporation, in 1989, has a service area which includes cities and towns within Utah that are not serviced by one of the cooperatives, or a local municipal electric utility.

All Purchasers have executed Power Sales Contracts with IPA that provide the basic security for the debt service on all bonds issued by IPA for construction and acquisition of the Project, exclusive of the STS. Additionally, the Purchasers have agreed to pay all Project costs of Operation and Maintenance for Project facilities. The Power Sales Contracts expire on June 15, 2027.

The Power Sales Contracts also allow for the California Purchasers, or an entity on their behalf, to make payments-in-aid of construction for the STS. To effect this arrangement, the California Purchasers entered into an agreement for the acquisition of capacity by which each California Purchaser assigned its rights in the STS to SCPPA and SCPPA agreed with IPA to make payments-in-aid of construction to IPA on behalf of the California Purchasers. Through this mechanism the California Purchasers have financed their interest in the STS through SCPPA.

Generation Entitlement Shares

California Purchasers

Los Angeles Department of Water and Power	44.617%
City of Anaheim	13.225%
City of Riverside	7.617%
City of Pasadena	4.409%
City of Burbank	3.371%
City of Glendale	1.704%
Total - 6 California Purchasers	74.943%

Utah Cooperative

Purchasers

Moon Lake Electric Association, Inc.	2.000%
Mt. Wheeler Power, Inc.	1.786%
Dixie-Escalante Rural Electric Association, Inc.	1.534%
Garkane Power Association, Inc.	1.267%
Bridger Valley Electric Association	0.230%
Flowell Electric Association	0.200%
Total - 6 Cooperative Purchasers	7.017%

Utah Investor- Owned Purchasers

Utah Power & Light Company (PacifiCorp)	4.000%
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Utah Municipal Purchasers

Murray City	4.000%
Logan City	2.469%
The City of Bountiful	1.695%
Kaysville City	0.739%
Heber Light & Power Company	0.627%
Hyrum City	0.551%
Fillmore City	0.512%
The City of Ephraim	0.503%
Lehi City	0.430%
Beaver City	0.413%
Parowan City	0.364%
Price	0.361%
Mount Pleasant	0.357%
City of Enterprise	0.199%
Morgan City	0.190%
City of Hurricane	0.147%
Monroe City	0.130%
The City of Fairview	0.120%
Spring City	0.060%
Town of Holden	0.048%
Town of Meadow	0.045%
Kanosh	0.040%
Town of Oak City	0.040%
Total - 23 Municipal Purchasers	14.040%

The Utah Municipal and Cooperative Purchasers and ICPA have each entered into the Excess Power Sales Agreement with the Department, Burbank, Glendale and Pasadena ("Excess Power Purchasers"). This agreement provides that capacity and energy available to the Utah Municipal and Cooperative Purchasers pursuant to their respective Power Sales Contracts, as amended, shall be sold to the Excess Power Purchasers unless and until the Utah Municipal or Cooperative Purchasers recall such capacity and energy, in whole or in part.

The Department and UP&L have entered into an agreement by which UP&L will provide to the Department an amount of energy and capacity equal to UP&L's Project entitlement share. Costs to the Department for this purchase are equal to UP&L's share of Project costs.

Operating Agent

Pursuant to the Power Sales Contracts, IPA appointed the Department as Project Manager and Operating Agent to construct, operate and maintain the Project in accordance with the Construction Management and Operating Agreement. Managerial, technical, administrative and clerical employees handle this responsibility in the Department's Generation - External Section of its Power Operating and Maintenance Division. The Department has also engaged technical and management consultants to perform formal assessments of various Department and Intermountain Power Service Corporation ("IPSC") organizations, which organizations are responsible for providing various management, operational and support functions to the Project. The formal assessments are conducted to provide assurance that those organizations: (i) are staffed appropriately; (ii) are properly organized; (iii) have good work practices and procedures; (iv) are sufficiently trained; and (v) communicate effectively with other organizations involved with the Project.

IPP Coordinating Committee

Pursuant to the Power Sales Contracts, the Coordinating Committee, among other functions, provides liaison between IPA and the Purchasers with respect to construction and operation of the Project; reviews, modifies and approves certain specified contracts; takes certain actions with respect to recommendations from the Department as Project Manager and Operating Agent; and makes recommendations to IPA regarding the financing of the Project. The Coordinating Committee also has the authority to review, modify and approve procedures formulated by the Project Manager and Operating Agent with respect to the construction and operation of the Project, budgets prepared by the Project Manager and Operating Agent, and all capital improvements proposed to be undertaken by IPA.

The Coordinating Committee consists of the Chairperson, who is a non-voting representative appointed by IPA, and representatives of the Purchasers or groups thereof.

The Chairperson of the Coordinating Committee has discretion to schedule meetings, and must call meetings at the request of any member of the Committee.

Purchaser Represented	Representative	Voting Rights %
Los Angeles Department of Water and Power	Eric J. Tharp	44.617%
City of Anaheim	Marcie L Edwards	13.225%
City of Riverside	David H Wright	7.617%
Utah Municipal Purchasers (except Murray City and Logan City)	Ted Olson	7.51%
Utah Cooperative Purchasers (except Moon Lake Electric Association, Inc. and Mt. Wheeler Power, Inc.)	Carl R. Albrecht	3.231%
City of Pasadena	Phyllis Currie	4.409%
Murray City	Blaine Haacke	4.000%
PacifiCorp/UP&L	Thomas E. Beck	4.000%
City of Burbank	Fredric Fletcher	3.371%
Logan City	Russell Fjeldsted	2.469%
Moon Lake Electric Association, Inc.	Grant J. Earl	2.000%
Mt. Wheeler Power, Inc	Randy Ewell	1.786%
City of Glendale	Glenn Steiger	1.704%

IPA Finance Committee

The IPA Finance Committee approves the marketing plans and pricing of bond issues. The members of this committee also meet at least annually to discuss general investment strategies and to monitor investment results. In this capacity the Committee functions in a purely advisory manner, with no direct authority over the IPA financial portfolio, management or individual investment decisions. Current members include:

Voting Members

R. Leon Bowler	IPA Board
Ed Collins	IPA Board
Ray Farrell	IPA Board
Russell F. Fjeldsted	IPA Board
Robert O. Christiansen	IPA Board
Walter Meacham	IPA Board
Ted L. Olson	IPA Board
Ronald O. Vazquez	LADWP
Jerry Rogers	City of Riverside
Edward Zacherl	City of Anaheim

Budget Responsibilities

Annual Budget

The Power Sales Contracts require IPA to adopt an Annual Budget at least 30 days, but not more than 45 days, prior to the beginning of each Power Supply Year. Each such budget is to set forth a detailed estimate of the monthly power costs and all revenues, income or other funds to be applied to such costs, for such Power Supply Year. The Resolution requires IPA to review quarterly its estimates set forth in the Annual Budget for such Power Supply Year. In the event such estimates do not substantially correspond with actual revenues, operating expenses or other requirements, IPA must adopt an amended Annual Budget for the remainder of the Power Supply Year. IPA is required to adopt such an amended Annual Budget if there are at any time during the year extraordinary receipts or payment of unusual costs. The Department as Operating Agent prepares the Operating Budget and the IPP Coordinating Committee approves such Operating Budget. After ensuring all costs necessary to provide for debt service on outstanding indebtedness and other fiduciary requirements are included in the budget, the IPA Board adopts the Annual Budget, which incorporates the Operating Budget.

Rates

Operating revenues for the Project are derived from payments that the Purchasers are required to make to IPA under their respective Power Sales Contracts. The amounts charged to Purchasers under the Annual Budget consist of a fixed cost component, allocated among the Purchasers based upon their respective generation entitlement shares, billed monthly. A variable cost component is billed monthly, one month in arrears, which is allocated among the Purchasers based on the amount of energy each Purchaser receives. Pursuant to Resolution Section 712, IPA has covenanted that it:

"... shall at all times establish and collect rates and charges for the use of the capability of the Project or the sale of the output, capacity or service of the Project, as shall be required to provide Revenues at least sufficient in each Fiscal Year, together with other available funds, for the payment of the sum of:

- (a) Operating Expenses during such Fiscal Year;
- (b) An amount equal to the Aggregate Debt Service for such Fiscal Year;
- (c) The amount, if any, to be paid during such Fiscal Year into the Debt Service Reserve Account in the Debt Service Fund;
- (d) The amount, if any, to be paid during such Fiscal Year into the Subordinated Indebtedness Fund;
- (e) The amount, if any, to be paid during such Fiscal Year into the Bond Anticipation Note Fund;
- (f) All other charges or liens whatsoever payable out of Revenues during such Fiscal Year."