



2011 ANNUAL REPORT OF THE IDAHO ENERGY RESOURCES AUTHORITY

The Idaho Energy Resources Authority (IERA) is an “independent public body politic and corporate”¹ created in 2005 for the purpose of facilitating the financing of electric generation, transmission and distribution facilities and renewable energy resources for the benefit of Idaho utilities and consumers.²

Board Appointments

The initial term for IERA board member and Chairman E. Robert Mooney expired on June 30, 2010. In early 2011 Governor Otter has reappointed Mr. Mooney to a second six year term on the IERA board. However, Mr. Mooney’s reappointment failed to be considered by the Idaho Senate before final adjournment. Mr. Mooney continued to act in his capacity as Chairman and Director of the Authority for the remainder of 2011 and his reappointment was unanimously approved by the Idaho Senate in early 2012.

The second terms of board members Randy Hill and Governor John Evans expired on June 30, 2011. The IERA met with representatives of the Governor’s office and the Lieutenant Governor concerning IERA board composition, but the Governor has yet to announce replacement nominations for Governor Evans and Mr. Hill. Both will continue to serve as directors of the IERA until their successors are appointed by the Governor.

Project Development, Financings and Operations

In 2010 the IERA began assisting a consortium of municipalities and electric cooperatives from Idaho, Utah and Wyoming in developing the Horse Butte Wind Project in Bonneville County, Idaho. The Utah Associated Municipal Power Systems (UAMPS) is the Developer of the Project, is and will remain the beneficial owner of the Project, both during and after construction, and will be the eventual titled owner of the wind farm. However, in order to maximize benefits available under the federal Stimulus Act and lower the development costs for UAMPS and its members, including the City of Idaho Falls and Lower Valley Energy, the IERA will, during Project construction, be the majority owner of the development limited liability company (Horse Butte Wind I, LLC) that will own the Project during construction. At completion of construction, scheduled for the second quarter of 2012, the IERA and the minority owner will transfer ownership of Horse Butte Wind I, LLC to UAMPS or its designee. As the Developer of the Project, UAMPS has agreed to manage construction, manage, control, receive and disburse all

¹ Idaho Code § 67-8904

² Idaho Code § 67-8902

construction funds and directly pay all Project related costs incurred by the IERA, including IERA legal costs. UAMPS has also agreed to fully indemnify the IERA in acting as the Developer of the Project. UAMPS paid the IERA \$33,800.00 in 2010 for initial services related to establishment, ownership and management of the Development LLC. Upon completion of construction of the Wind Farm and transfer of the Development LLC from the IERA to UAMPS or its designee, UAMPS has agreed to pay the IERA the additional sum of \$28,800. The Horse Butte Wind Project is a 58 MW facility providing enough average generation to serve around 15,000 homes with its electricity.

The IERA and the Bonneville Power Administration continued discussions in 2011 about the IERA becoming qualified to facilitate BPA's third party conduit financing needs, used to augment BPA's direct U S Treasury borrowing.

The IERA does not manage or operate any facilities.

Financial Matters

The IERA's start-up was initially funded by a \$25,000 non-interest bearing loan from the Idaho Consumer-Owned Utilities Association (ICUA). The IERA was able to repay that loan to the ICUA in January of 2011, using proceeds it had received from UAMPS in October, 2010.

Attached are financial statements of the Idaho Energy Resources Authority providing an accounting of its receipts and expenditures during the 2011 fiscal year, and its assets and liabilities as of December 31, 2011.

The IERA has no bonds outstanding as of December 31, 2011.

Idaho Energy Resources Authority			
BALANCE SHEET			
			As of 12.31.11
ASSETS			
	Current Assets		
	Checking/Savings		
		Idaho Independent Bank - Operating Acct	5,350.55
		Total Checking/Savings	<u>5,350.55</u>
	Total Current Assets		<u>5,350.55</u>
TOTAL ASSETS			<u>5,350.55</u>
LIABILITIES & EQUITY			
	Equity		
		Retained Earnings	10,634.83
		Net Income	-5,284.28
	Total Equity		<u>5,350.55</u>
TOTAL LIABILITIES & EQUITY			<u>5,350.55</u>
			<i>See Footnote 1</i>
PROFIT & LOSS			
January 1, 2011 - December 31, 2011			
Ordinary Income/Expense			
	Income		
		Income	986.65
	Total Income		986.65
	Expense		
		<i>See Footnote 2</i>	
	Contract Services		
		Admin & Assoc Mgmt Services	3,000.00
		Travel Reimbursement	0.00
			3,000.00
		Insurance	935.00
		Postage	39.04
		Statutory Representative Fee	986.65
		Website	1,310.24
	Total Expense		6,270.93
Net Income			<u>(5,284.28)</u>
Footnotes			
1	The IERA is the majority owner of the Horse Butte Wind I, LLC which is the legal owner of the Horse Butte Wind Project. However, UAMPS is the beneficial owner of the Project and the Project Developer.		
	All assets, liabilities and equity associated with the Horse Butte Project are being accounted for by and on behalf of UAMPS as the beneficial owner, and not the IERA.		
2	All expenses being incurred by the IERA related to the Horse Butte Wind Project, which are primarily legal expenses, are being paid directly by UAMPS to IERA legal counsel.		