



2012 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

In 2012 the Governor appointed State Representative Eric Anderson and Mr. Mark Lliteras to begin their first terms as IERA Directors, with both terms expiring June 30, 2017. Representative Anderson brings a wealth of legislative and energy experience to the IERA Board and Mr. Lliteras brings significant financial and banking experience to the IERA.

On January 3, 2013, Governor Otter appointed Mr. Randy Hill to his second engagement with the IERA Board, with Mr. Hill’s term set to expire on June 30, 2017. Mr. Hill left the IERA Board in 2011, but at the request of the Governor, agreed to again serve the IERA and the energy facilities financing needs of Idaho.

Project Development, Financings and Operations

Horse Butte Wind: From 2010 through 2012 the IERA participated in an innovative project financing with the Utah Associated Municipal Power Systems (UAMPS) for the Horse Butte Wind Project (the “Project”). The Project is a 58 MW wind-powered generating facility located in Bonneville County, Idaho, that was placed in service in August 2012, at a cost of approximately \$143 million. The Project is interconnected with Bonneville’s new Cattle Creek Substation, and the Project financed the cost of approximately \$13 million in upgrades to Bonneville’s transmission system in Eastern Idaho.

The IERA assisted UAMPS in maximizing the financing benefits available for a renewable energy project under the federal Stimulus Act and lowering the overall development costs of the Project. UAMPS was the Developer of the Project and its beneficial owner, both during and after construction. During Project construction, the IERA was the majority owner of the development limited liability company (Horse Butte Wind I, LLC) that owned the Project. As the Developer of the Project, UAMPS managed Project construction, received and disbursed all construction funds and directly paid all

¹ Idaho Code § 67-8904

² Idaho Code § 67-8902

Project related costs, including costs incurred by the IERA. UAMPS fully indemnify the IERA in the development of the Project.

In September 2012, after completion of Project construction and shortly after the commercial operation of the Horse Butte Wind Farm, the IERA and the other minority owner both transferred their ownership interests in Horse Butte Wind I, LLC to Horse Butte Holdings LLC, a Citicorp affiliate. UAMPS remained the beneficial owner of the Project. UAMPS paid the IERA the additional sum of \$28,800 in 2012 for services related to development of the Project.

Bonneville Power Administration: The IERA and the Bonneville Power Administration (BPA) continued in 2012 discussions 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 has the legal powers under the IERA act to provide lease financing services to BPA, should Bonneville choose to avail itself of such services.

The IERA does not manage or operate any facilities.

Financial Matters

Attached are financial statements of the Idaho Energy Resources Authority providing an accounting of its receipts and expenditures during the 2012 fiscal year, and its assets and liabilities as of December 31, 2012.

The IERA has no bonds outstanding as of December 31, 2012.

Idaho Energy Resources Authority			
		BALANCE SHEET	
		As of	12.31.12
ASSETS			
	Current Assets		
		Checking/Savings	
		Idaho Independent Bank - Operating Acct	20,017.82
		Total Checking/Savings	<u>20,017.82</u>
	Total Current Assets		<u>20,017.82</u>
TOTAL ASSETS			<u>20,017.82</u>
LIABILITIES & EQUITY			
	Equity		
		Retained Earnings	5,350.55
		Net Income	14,667.27
	Total Equity		<u>20,017.82</u>
TOTAL LIABILITIES & EQUITY		<i>See Footnote 1</i>	<u>20,017.82</u>
PROFIT & LOSS			
		January 1, 2012 - December 31, 2012	
Ordinary Income/Expense			
	Income		
		Income	<u>28,800.00</u>
	Total Income		28,800.00
	Expense		<i>See Footnote 2</i>
	Contract Services		
		Admin & Assoc Mgmt Services	12,036.27
		Travel Reimbursement	994.00
			<u>13,030.27</u>
		Insurance	935.00
		Office Supplies	142.46
		Website	25.00
	Total Expense		<u>14,132.73</u>
Net Income			<u>14,667.27</u>
Footnotes			
1	The IERA was 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. The IERA transferred its ownership of the Horse Butte Development LLC to an affiliate of Citicorp in September, 2012.		
2	All expenses being incurred by the IERA related to the Horse Butte Wind Project, which are primarily legal expenses, were being paid directly by UAMPS to IERA legal counsel.		