

ISSUE #5

SEPTEMBER 2013

## Project News Briefs

**IPA Completes Major Bond Refunding**  
Intermountain Power Agency successfully refunded more than \$425 million in subordinated lien bonds during February 2013 – a financial step that will save the Intermountain Power Project \$70.3 million in financing costs. The Series 2013 Subordinated Power Supply Revenue Refunding Bonds that were issued will have an average life of 5.42 years and are structured through 2023.

### Check the Website...

IPA's website – [www.ipautah.org](http://www.ipautah.org) – contains a wealth of information about the agency and the Intermountain Power Project, including current operational statistics, financial information, past annual reports, newsletters and more. New to the site is a project history video that can be accessed under the About Us/News and Publications tab – or take a shortcut: <http://bit.ly/193xDnT>.

### In Memoriam – George Cross

The Intermountain Power Project lost a longtime friend and leader March 2, 2013, when George William Cross passed away at age 61. A Tennessee native, George received an honorable discharge as Petty Officer 1st Class in 1978 after eight years of service in the U.S. Navy. He began working for Intermountain Power Service Corporation during IPP's construction in 1983, eventually working his way to serve as Chief Operating Officer until illness forced his retirement. A complete obituary is at <http://bit.ly/17pfm3d>.

## “Renew IPP” Effort Reaches Key Approval Point

Participants in the Intermountain Power Project have been asked to act this fall on a series of agreements designed to ensure continued operation of IPP after current power purchase agreements expire in 2027.



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## IPA Board Welcomes New Faces, Bids Adieu to Old Friends

Some longtime members of the Intermountain Power Agency Board of Directors retired at the end of 2012, giving the board a new look as IPA's renewal activities heated up.

R. Leon Bowler, representing the City of Enterprise, retired from the IPA board after serving since its inception. Mr. Bowler was a participant in all major milestones of the Intermountain Power Project's development and also served on the board of Intermountain Power Service Corporation.



*R. Leon Bowler*

Walter Meacham, representing Kaysville City, also retired after serving on the IPA board since 1999. Mr. Meacham also served on the board of IPSC.



*Walter Meacham*

New board members elected to serve terms through the end of 2016 included Von Mellor, representing Parowan City, and Eric Larsen, representing Fillmore City, Town of Holden, Kanosh, and Town of Meadow.



*IPA Board Chairman Ted L. Olson (right) chats with new board members Von Mellor and Eric Larsen.*

### “Renew IPP” Effort Reaches Key Approval Point

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The action culminates more than four years of detailed study, planning and negotiation that considered an array of options for renewing participation in IPP. Under the agreements now presented for ratification, new natural gas fueled generation would be constructed at the IPP site. The existing coal fueled generating units would either be retired or transferred to the control of a separate non-Project entity if such an arrangement is developed.

Renewal discussions commenced after California law was enacted dictating that coal fueled electricity will no longer be allowed in the state after existing power purchase contracts expire. California participants in IPP have historically purchased more than 99 percent of the output from the Project, putting its operations in jeopardy after 2027.

“Early on, all of the participants in IPP recognized that it would be a shame just to close up shop in 2027,” said Intermountain Power Agency General Manager James Hewlett. “The Project has a huge positive economic impact on the state of Utah. Billions of dollars have been invested in site development and transmission systems that can be useful regardless of the energy resource used to generate electricity. We embarked on the Renew IPP effort with the goal of not letting those advantages go to waste.”

With 36 participants spread across three Western states, management of the Intermountain Power Project has always required extraordinary levels of communication and cooperation. Planning a next phase of operations was no exception.

Over the past four years, the Intermountain Power Agency has worked with the Utah Legislature to make changes to Utah state law to enable the use of other fuels at the IPP site. Necessary revisions to current organizing and power purchase agreements have been drafted. Finally, agreements related to power purchases from the yet-to-be constructed natural gas units have been created.

“An enormous amount of thought and hard work has gone into the formulation of these agreements,” said Ted Olson, Chairman of the IPA Board of Directors. “We very much appreciate the efforts project participants have made and continue to make in order to see this planning phase through to its conclusion. We can feel good about the fact that we are providing opportunities for our communities for generations to come.”

Following ratification of the Renew IPP agreements this fall, planning for the construction of natural gas generating units would begin. Between 600 and 1,200 megawatts of generating capacity

would be constructed, depending on purchaser demand. Construction of the gas units would begin by 2020 and be completed by 2025.

In addition to ensuring the continuation of IPP’s positive economic contribution to Utah, the 23 Utah municipal utility participants in IPP will gain several advantages by ratifying the agreements. They will gain flexibility for their long term resource planning, including an opportunity to participate in the gas fueled units with favorable terms for laying off power to California purchasers. They will gain greater certainty that any environmental remediation or retirement costs associated with the coal fueled units would be covered by future operations of the Project. They will also ensure the continued participation of Los Angeles Department of Water and Power in IPP operations and as a purchaser of the largest share of electricity from the Project.

## What Are the Renew IPP Agreements?

**Fourth Amendment to IPA Organization Agreement (IPAOA)** — Allows development of natural gas generation at IPP. Only Utah municipal purchasers must approve. Two-thirds approval required.

**Second Amendatory Power Sales Contract (2APSC)** — Approves of development of natural gas generation and provides for financing out of power sales for costs related to conversion from coal to gas. All project purchasers must approve. 100 percent approval required.

**Renewal Power Sales Contract (RPSC)** — Determines which current project participants will elect to participate in the project after conversion to gas. All project purchasers are eligible to subscribe.

**Agreement for Sale of Renewal Excess Power (ASREP)** — Provides an option to purchasers that elect to continue in the gas project to sell and recall their generation entitlement with LADWP.

## Intermountain Generating Station Returns to Full Strength Following Planned Spring Maintenance Outages

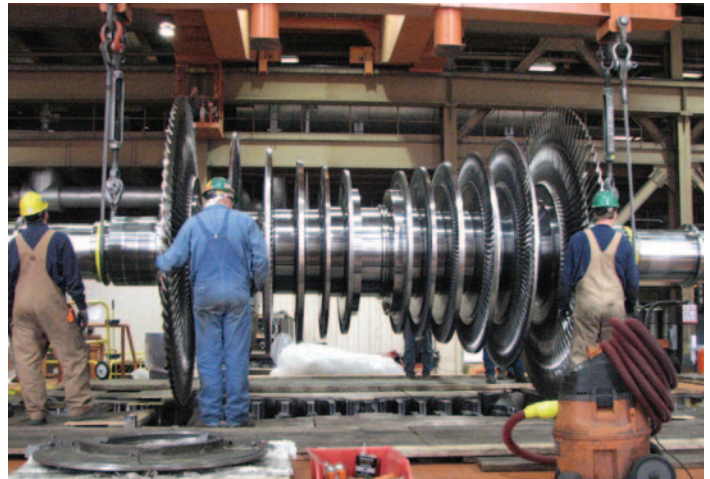
For the first time since entering service in 1986, the Intermountain Generating Station went completely dark in April 2013 – generating no electricity from either of its units. But it wasn't a problem. The rare dual outage was scheduled to allow construction near IPP transmission lines and facilitated maintenance on systems common to both units.

The six-day “dark plant” outage occurred in the middle of a six-week major outage for Unit 2. Maintenance activities continued using emergency diesel back-up generation and other portable generators.

Intermountain Power Service Corporation operators have now completed major overhauls to the turbine-generators of both units. These overhauls have included replacing sections of the low pressure turbines where serious turbine blade damage had been discovered in previous planned outages. Improvements have also been made to generator stator connectors where a catastrophic failure in 2011 led to an unplanned 21-week outage for Unit 1.

“The past couple of years have been challenging from an operations standpoint,” said Jon Finlinson, IPSC President. “Our power plant is getting older and showing some of the stresses of 27 years of continuous operation. We're proud of the way our experienced employees responded to that challenge and we are looking forward to returning to our high standards for efficiency and availability this year.”

In addition to repairing and maintaining plant systems that are showing wear, the Project has made improvements to increase performance. For instance, recent mechanical renovations in the cooling tower area are expected to produce a 1 percent improvement in plant-wide heat rate. That's the equivalent of saving 50,000 tons of coal each year.



*Crews install a new low pressure turbine rotor in Unit 2. All three turbine rotors were replaced during the spring maintenance outage.*

### News Media Visit IPP during Outage

Utah news media got a rare chance to visit a major power station in the midst of a maintenance overhaul last spring when Intermountain Power Agency and Intermountain Power Service Corporation hosted “Media Day” tours and interviews.

The open house resulted in coverage by the *Millard County Chronicle Progress*, *The Salt Lake Tribune*, and KSL television. The tour of IPP featured prominently in the introduction of a segment of KSL's public affairs program *The County Seat*. That program can be seen online at <http://bit.ly/17nIfAE>.



### Electricity Facts At A Glance

For decades in the United States, coal was far and away the dominant fuel source for generating electricity – at one time accounting for more than half of all generation. While coal remains the largest single energy source for electricity, its dominance is slipping. Increased use of renewable energy sources like wind and solar, as well as growing supplies of natural gas from shale have combined to reduce coal's share to 37 percent in 2012. Natural gas was second at 30 percent. Nuclear generated 19 percent, followed by 7 percent hydroelectric and 7 percent wind, solar and all other.





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# PowerLines

## IPSC Employees Spread Community Spirit

Employees at the Intermountain Generating Station this summer constructed a parade float for participation in local community events.

The float – staffed by children of employees – appeared in parades in Hinckley, Delta, and at the highly popular Ute Stampede in Nephi. “Renew IPP” footballs and Frisbees were “distributed” to parade-goers from the float.

*Photo: Children of Intermountain Power Service Corporation employees supplied the manpower for the Project’s float appearances in community parades this summer.*

