



UTAH MUNICIPAL POWER AGENCY

LEVAN MANTI NEPHI PROVO SALEM SPANISH FORK

NAVIGATING



ACQUIRING RESOURCES

35th ANNUAL REPORT
2015

Contents

Mission & Objectives	1
Management Report	2
Agency Statistics	4
Member Statistics	6
Power Generation Resources	8

NOTABLES:

- Rate Stabilization Fund Contributions
- Initiated Process for Member Amended Power Sale Agreements
- Future Power Supply Investigation
- RenewChoice Renewable Energy Program
- Eagle Mountain City/Rocky Mountain Power PSA
- Deseret Contract Pricing Renegotiation
- NuScale Advisory Board and Operating Committee
- Moody's Rating Outlook Stable

Mission & Objectives

Utah Municipal Power Agency (UMPA), is a consumer owned corporation, established in 1980 with a mission to: "Develop a reliable and economic power supply program to meet all the required electric power and energy needs of its member municipalities". UMPA's current member municipalities are: Levan, Manti, Nephi, Provo, Salem, and Spanish Fork.

UMPA is a Joint Action Agency whose services include: power supply, control area support, scheduling, financing, energy load forecasting, transmission services, legislative and regulatory action, demand-side management, engineering, and legal assistance.

The Agency is governed by a six member Board of Directors, consisting of either the Mayor or Council Member of each of the member cities. In addition, a Technical Committee, consisting of the Energy Director from each of the member cities, provides technical studies, recommendations, and detailed analysis to assist the Board of Directors.

UMPA OBJECTIVES:

1. To develop a reliable and economic power supply program to meet the electric power and energy needs as required by the members and their customers.
2. To provide the benefits of economies of scale through joint endeavors relating to the generation, transmission, and distribution of electric power and energy.
3. To involve each member in the planning, operating and developing stages undertaken by the Agency.

Management Report



LAYNE BURNINGHAM
Chief Operating Officer
General Manager

Fiscal year 2015 marked the Thirty-Fifth Anniversary of Utah Municipal Power Agency (UMPA or Agency) and our shared success with our member cities. Thirty-five years have passed in a blink of an eye. In 1980, a group of municipally-owned electric utilities in Utah ventured down an unknown path with dreams of providing their customers with a reliable and low-cost power supply for years into the future. Today, we are proud to see those dreams have become a reality.

The Agency began with a vision. A singular vision, focused on the customers of municipal electric utilities. An achievable vision, one seeking affordability and reliability in municipal power for years to come. A dynamic vision able to adapt to changing competition, regulations, and technology. A vision crafted not by one person, but by many working together. At the core of the Agency, and always the driving force behind our operations, is providing our members with a low-cost, reliable and environmentally responsible power supply. By staying true to our vision, we and our member communities continue to experience growth and success.

When our founding members formed UMPA in 1980, their mission was to secure competitively priced power for the long term. By signing agreements they ensured power supply stability through 2025. Certainly 2025 seemed like a long way off for our founders. In 2015 we began discussions for the need to extend the term of our Power Sales Agreements with each of our members. We knew we needed to finance future power resources and other capital needs going forward. To provide for appropriate financing terms, extensions of our agreements with our members were necessary. By extending the agreements, our members secure their long-term power supply needs. Our members realize how important it is to have appropriate resources and staff to face current and future regulatory and power supply requirements.

Beginning in fiscal year 2015, the Rate Stabilization Fund structure was changed to a defined rate contribution. The contributions into the Rate Stabilization Fund each year are now included in the base rate to the members. Each year a contribution goal can be set as part of the budgeting process. This has enabled the members to manage the balance of the fund and plan for the future. This structure has proven successful, enabling contributions into the fund of \$1.7 million during fiscal year 2015 while still coming in under budget overall. For the future financing needs of UMPA, the rating agencies find this as a favorable process to create reserves and protect future member rates.

In April of 2015, a renewable energy program offered to our member's utility customers called RenewChoice was launched. RenewChoice allows customers to choose and support renewable energy by purchasing renewable energy blocks for all or a portion of their utility bill. The RenewChoice website gives customers the

opportunity to learn about the program and calculate the impact to their utility bill depending on their level of participation. At the end of the fiscal year 2015 RenewChoice had a total of 116 customers within all of the member cities. This amounts to 44,100 kWh/month or 529,200 kWh/annually of renewable power placed on the grid. The renewable energy is supplied via a power purchase agreement from wind resources located in Colorado. The Agency is also looking into a community solar program for those member cities interested in offering an alternative to roof-top solar to their customers. We are striving to come together as a team with our members to develop solutions for their customer demands as the view of energy sources is changing.

Our member cities continue to grow and the need for securing future power supplies remains a priority for the Agency. Our long term contract with PacifiCorp expires in 2017 and UMPA is exploring several alternatives to replace this contract. This past year, the power purchase contract with Deseret was revised to lower the energy cost in order to be more competitive in the market. Provo City Power announced their plans to rebuild their utility operation center at the current site and will demolish the original power plant and exhaust stacks later in 2016. The Agency is studying the feasibility of installing new natural gas engines at the Provo site using the best available emission control technology. Decisions regarding future resources will be made in 2016 as we navigate options and manage our resource portfolio.

In August of 2015, Eagle Mountain City elected to sell their electric utility system to the investor-owned utility in the state. The Agency had a power supply agreement with Eagle Mountain through June, 2017. A new power supply agreement was negotiated with the acquiring utility that protects Agency revenues that would have realized had the transaction not been undertaken.

UMPA participated in American Public Power Association's annual Legislative Rally in Washington DC and met with Utah's congressional leadership on several key regulatory and legislative matters. The Board of Directors promoted the preservation of tax exempt financing for municipalities and expressed concerns regarding EPA growing mandates through the Clean Power Plan which lead to higher consumer rates. In February, UMPA joined with Utah Associated Municipal Power Systems (UAMPS) in promoting our public power agenda with our state legislative leadership at a reception at the State Capitol.

While customers know and identify with their municipal utility and its local staff, they may not be aware that UMPA is quietly and seamlessly managing the generation and transmission that powers the local infrastructure. We also tie them to the larger national grid that keeps the lights on. Our mission - to provide low-cost and reliable power to the communities we serve - has not changed, but we have adapted to changing times and circumstances to continue to meet that goal. We are a stronger and better organization than we were 35 years ago, and we owe that positive growth to the partnership we have with our members. As we reflect on UMPA's history and how it has shaped our Agency today, we look ahead to the next 35 years and how our present accomplishments will shape the future; adjusting our dynamic vision to achieve the best we can for the Agency and our members.



Agency Statistics

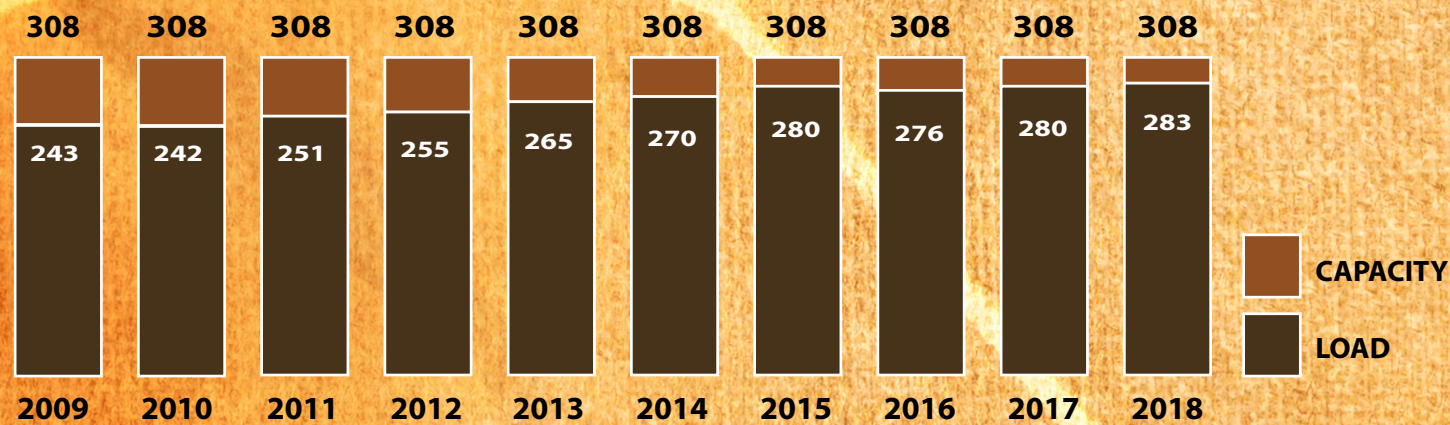
FIVE-YEAR FINANCIAL & OPERATIONAL REVIEW

	2011	2012	2013	2014	2015
FINANCIAL DATA					
Total operating revenues	\$66,801,832	\$68,159,908	\$71,881,005	\$78,043,999	\$74,122,387
Total operating expenses	63,833,628	64,512,428	66,087,280	75,363,192	64,474,080
Income (loss) from Operations	2,968,204	3,647,480	5,793,725	2,680,807	9,648,307
Utility plant and equipment	14,775,477	13,935,319	15,294,925	17,813,717	17,024,686
Current assets	26,952,367	27,961,617	33,991,041	31,686,338	36,398,080
Long-term liabilities	25,553,331	21,707,607	25,110,316	21,757,752	16,046,010
Current liabilities	8,268,977	9,518,833	8,550,604	10,281,957	11,707,806
Rate Stabilization Fund Balance	1,803,767	1,607,654	2,591,684	2,925,132	4,647,533
Debt Service Coverage	1.00	1.18	1.68	1.00	2.59

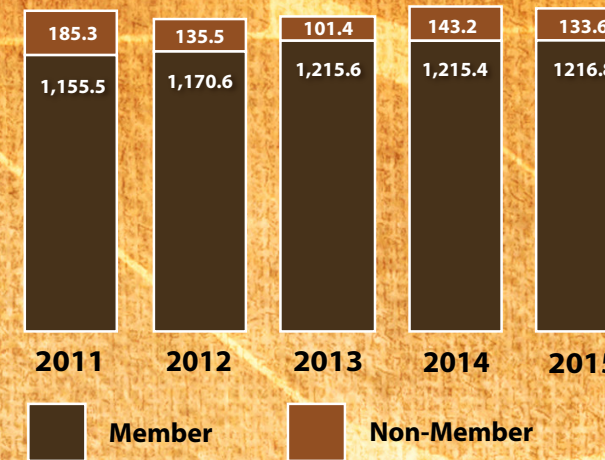
STATISTICAL DATA

Total member energy sales (kWh)	1,155,514,483	1,170,595,819	1,215,555,322	1,215,420,469	1,216,810,127
Total non-member energy sales (kWh)	185,272,563	135,459,532	101,363,636	143,190,270	133,589,164
Member Peak demand (kW)	250,896	254,843	264,667	270,298	279,987
Energy growth rate - member	2.66%	1.31%	3.84%	(0.01)%	0.11%
Billed capacity growth rate - member	2.43%	3.04%	3.08%	(0.66)%	(0.34)%

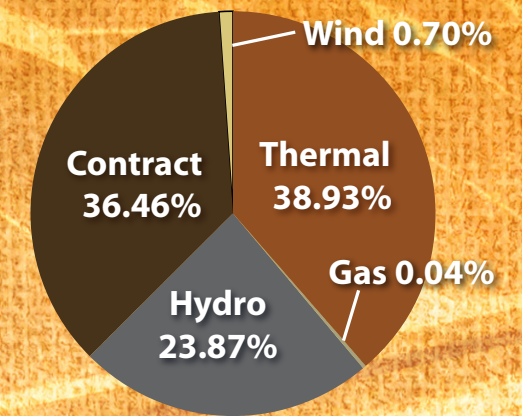
CAPACITY AND LOAD ACTUAL AND PROJECTED (MW)



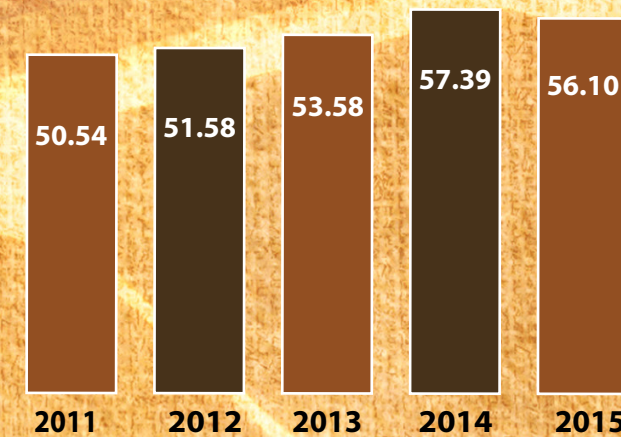
ENERGY SALES (kWh) MILLIONS



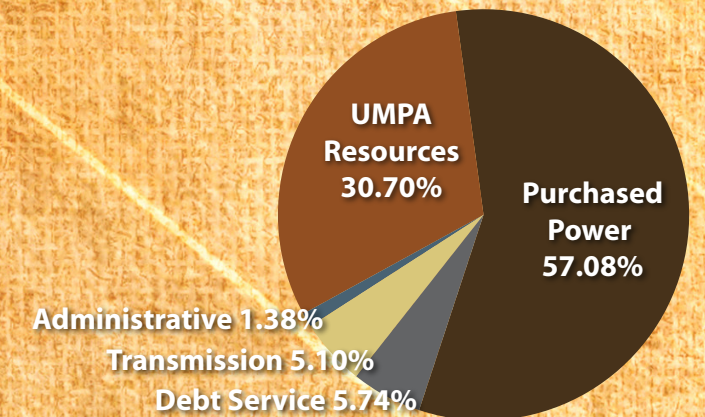
FUEL RESOURCE MIX



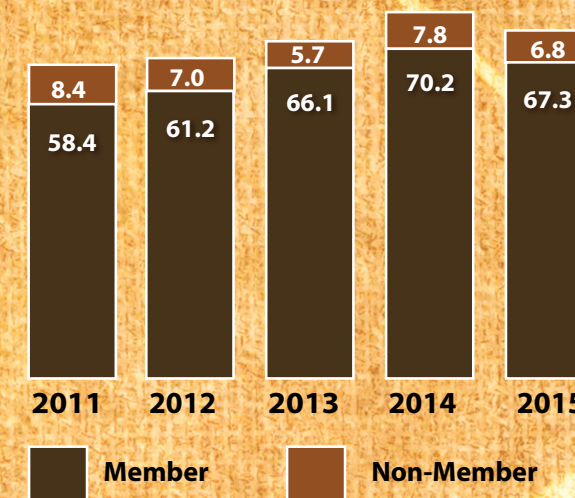
RATES (MILLS/kWh)



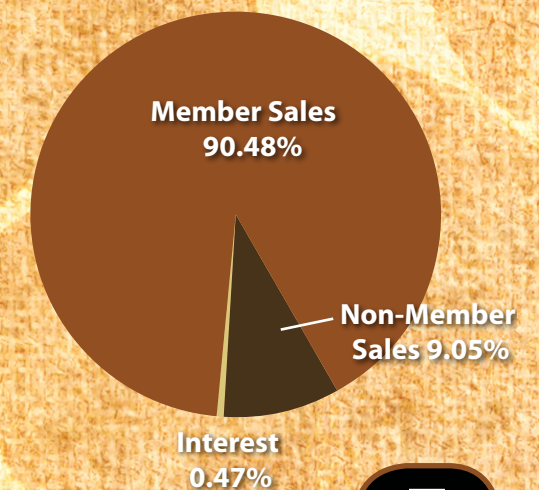
COSTS (RATE BASED)



REVENUE (MILLIONS)



INCOME (RATE BASED)



Member Statistics

LEVAN TOWN

Population: 855
 Number of Customers: 424
 Energy Consumption (kWh): 5,047,789
 Peak Demand (kW): 1,245
 Peak Date: June 27, 2015 @ 1600 hrs.
 Energy Growth Rate: (0.01)%
 Capacity Growth Rate: (1.97)%

MANTI CITY

Population: 3,289
 Number of Customers: 1,896
 Energy Consumption (kWh): 20,401,497
 Peak Demand (kW): 4,349
 Peak Date: June 30, 2015 @ 1530 hrs.
 Energy Growth Rate: (1.39)%
 Capacity Growth Rate: (1.43)%



RUSSELL MANGELSON
 UMPA Director
 Levan Town Mayor



JASON WORWOOD
 UMPA Technical Committee
 Levan Power Superintendent



KORRY SOPER
 UMPA Director
 Manti City Mayor



BLAKE DEMILL
 UMPA Technical Committee
 Vice Chair
 Manti Power Superintendent

NEPHI CITY

Population: 5,830
 Number of Customers: 2,256
 Energy Consumption (kWh): 99,375,507
 Peak Demand (kW): 17,788
 Peak Date: June 29, 2015 @ 1500 hrs.
 Energy Growth Rate: 1.03%
 Capacity Growth Rate: 8.05%



MARK JONES
 UMPA Director
 Secretary-Treasurer
 Nephi City Mayor



RUST FINLINSON
 UMPA Technical Committee
 Nephi Electric Division
 Operations Manager



STERLING REES
 UMPA Director
 Vice Chair
 Salem City Council



CLARK CROOK
 UMPA Technical Committee
 Salem Power Superintendent

SALEM CITY

Population: 7,330
 Number of Customers: 2,285
 Energy Consumption (kWh): 34,975,157
 Peak Demand (kW): 10,004
 Peak Date: June 29, 2015 @ 1630 hrs.
 Energy Growth Rate: 0.01%
 Capacity Growth Rate: 5.05%



JOHN CURTIS
 UMPA Director
 Chair
 Provo City Mayor



TRAVIS BALL
 UMPA Technical Committee
 Chair
 Provo Energy Director

PROVO CITY

Population: 114,801
 Number of Customers: 35,962
 Energy Consumption (kWh): 806,336,597
 Peak Demand (kW): 182,991
 Peak Date: June 29, 2015 @ 1630 hrs.
 Energy Growth Rate: (0.61)%
 Capacity Growth Rate: 1.14%

SPANISH FORK CITY

Population: 38,030
 Number of Customers: 11,653
 Energy Consumption (kWh): 250,673,580
 Peak Demand (kW): 63,610
 Peak Date: June 29, 2015 @ 1630 hrs.
 Energy Growth Rate: 2.27%
 Capacity Growth Rate: 10.17%



STEVE LEIFSON
 UMPA Director
 Spanish Fork City Mayor



KELLY PETERSON
 UMPA Technical Committee
 Spanish Fork
 Power Superintendent

6

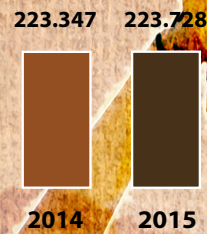
7

Generation Resources

PacifiCorp Firm

Capacity - kW 75,000
 Resource type Load following
 Resource interest Firm contracts
 Fuel type Coal
 kWh output, 2014 223,347,000
 kWh output, 2015 223,728,000
 Percent change 0.17%
 Percent of 2015 17.59%

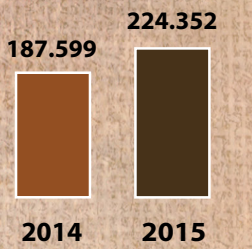
Millions Kilowatt Hours



Hunter Unit 1 Plant

Capacity - kW 430,000
 Resource type Load following
 Resource interest 6.25% Dedicated
 Fuel Type Coal
 kWh output, 2014 187,599,000
 kWh output, 2015 224,352,000
 Percent change 19.59%
 Percent of 2015 17.64%

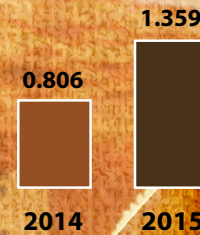
Millions Kilowatt Hours



Nephi Hydros

Capacity - kW 900
 Resource type Run of river
 Resource interest 100% Dedicated
 Fuel type Hydro
 kWh output, 2014 806,267
 kWh output, 2015 1,358,951
 Percent change 68.55%
 Percent of 2015 0.11%

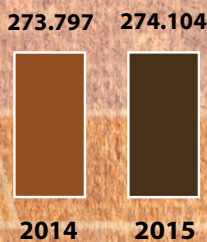
Millions Kilowatt Hours



Bonanza Unit 1 Plant

Capacity - kW 458,000
 Resource type Load following
 Resource interest-owned 3.75%
 Resource interest-contract 3.50%
 Fuel type Coal
 kWh output, 2014 273,797,000
 kWh output, 2015 274,104,000
 Percent change 0.11%
 Percent of 2015 21.55%

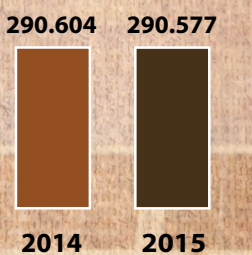
Millions Kilowatt Hours



CRSP

Capacity - kW 87,016
 Resource type Load following
 Resource interest Firm contract
 Fuel type Hydro
 kWh output, 2014 290,603,524
 kWh output, 2015 290,576,708
 Percent change (0.01)%
 Percent of 2015 22.85%

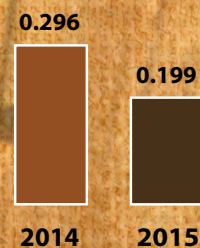
Millions Kilowatt Hours



Levan Hydros

Capacity - kW 320
 Resource type Run of river
 Resource interest 100% Dedicated
 Fuel type Hydro
 kWh output, 2014 296,361
 kWh output, 2015 199,026
 Percent change (32.84)%
 Percent of 2015 0.02%

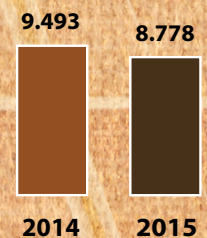
Millions Kilowatt Hours



Deer Creek

Capacity - kW 4,000
 Resource type Intermediate
 Resource interest Contract
 Fuel type Hydro
 kWh output, 2014 9,493,000
 kWh output, 2015 8,778,000
 Percent change (7.53)%
 Percent of 2015 0.69%

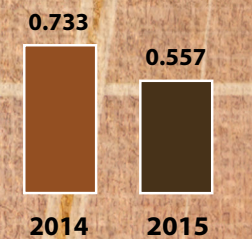
Millions Kilowatt Hours



Provo Plant

Capacity - kW 20,110
 Resource type Peaking & reserves
 Resource interest 100% Dedicated
 Fuel type Gas
 kWh output, 2014 733,371
 kWh output, 2015 557,167
 Percent change (24.03)%
 Percent of 2015 0.04%

Millions Kilowatt Hours



Manti Hydros

Capacity - kW 2,200
 Resource type Run of river
 Resource interest 100% Dedicated
 Fuel type Hydro
 kWh output, 2014 3,669,879
 kWh output, 2015 4,794,190
 Percent change 30.64%
 Percent of 2015 0.38%

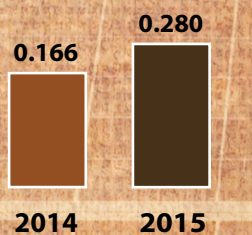
Millions Kilowatt Hours



Wind Project

Capacity - kW 11
 Resource type Base load
 Resource interest Test Project
 kWh output, 2014 165,608
 kWh output, 2015 280,044
 Percent change 69.10%
 Percent of 2015 0.02%

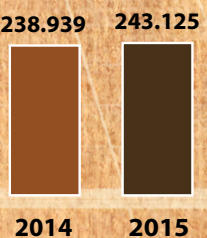
Millions Kilowatt Hours



DG&T Contract

Capacity - kW 80,000
 Resource type Load following
 Resource interest Contingent contract
 kWh output, 2014 238,939,000
 kWh output, 2015 243,125,000
 Percent change 1.75%
 Percent of 2015 19.12%

Millions Kilowatt Hours





75 West 300 North
P.O. BOX 818
SPANISH FORK, UT 84660
PH: (801) 798-7489 FAX: (801) 798-2104
WWW.UMPA.CC