



COME TOGETHER FOR ANOTHER 50 YEARS

LEVAN MANTI NEPHI PROVO SALEM SPANISH FORK

36th ANNUAL REPORT
2016

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NOTABLES:

- Amended Agency and Member Agreements
- West Valley Power Plant Acquisition
- New Provo Plant - 12.5 MW
- New UMPA Office Building
- Rate Stabilization and Reserve Fund Policy

UMPA MISSION

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 the all-requirements 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: generation asset development, transmission services, energy markets transactions, project financing, legislative action, regulatory compliance, legal and engineering support, and energy efficiency and renewable programs.

The Agency is governed by a six-member Board of Directors consisting of the Mayor or an elected official of each of the Members. In addition, each member appoints one person, typically the Energy Director from each member city, to the Technical Committee. The Technical Committee meets monthly or as needed to project future load growth, review technical studies, examine power supply alternatives, develop joint operating efforts, and make recommendation to the Board of Directors and Agency staff.

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.

MANAGERS REPORT

Fiscal year 2016 was conceivably the greatest period of Agency accomplishments since 1985 when UMPA's members signed power sales agreements and the Bonanza resource was acquired. Over the past few years, UMPA's members have addressed some difficult issues. Our primary challenges were to address and find solutions for our near future shortage of peaking resources and the expiration of the original member power sales agreements, which were set to expire within 10 years in 2025. These issues could have divided UMPA's members, but instead they brought us together. Through many face-to-face meetings, honest discussions and genuine listening, the members found compromises when needed and solved problems in a collaborative way that is far too uncommon in today's political environment.



LAYNE BURNINGHAM
*Chief Operating Officer
General Manager*

Amended Agency and Member Agreements

Paramount to the continued future and success of our members' joint action relationship was to collaborate and endeavor to extend, and renew, their association. It was a time to reflect and contemplate the value of UMPA to their individual public power utilities and to their communities and customers. This was a necessary undertaking for several reasons. First, with the Agency's contractual obligations to members ending in 10 years, our long-term planning horizon, the options to be considered, and the decisions that would be made would be considerably different. Second, any long-term financing necessary for acquiring generating assets would not be possible. Third, if UMPA were to be dissolved, the members would need to determine their individual course and begin planning for their respective utilities power resources beyond 2025.

To their credit, UMPA's members decided to extend the life of the Agency and amend their respective power sales agreements. The amended agreements included the following: 1)

The Interlocal Agreement extended the existence of the Agency 50 years and was updated to reflect changes in state and federal law. It also granted additional powers to the Agency as an Energy Services Interlocal Entity under Utah code, 2) Power Sales Agreements were extended 50 years and were modified to allow individual member distributed generation in limited quantities, and 3) Capacity Purchase Agreements, whereby member owned generation is dedicated to the Agency, were extended to match the other agreements. The amended agreements became effective on January 1, 2016 and will terminate on December 31, 2065.

West Valley Power Plant Acquisition

After a lengthy power supply needs analysis, a power resource options investigation, and asset purchase negotiations, the Agency acquired the West Valley Power Plant in Utah – a 217 MW simple cycle, natural gas peaking resource consisting of five GE LM6000 units. This acquisition will meet UMPA's peaking resource needs for the foreseeable future and will enhance our ability to integrate intermittent renewable resources into our resource portfolio. An asset purchase agreement was approved by UMPA's Board of Directors in April, 2016 and the transaction closed August 1, 2016 after approval by the Federal Energy Regulatory Commission.

New Provo Plant

The "old" Provo Plant, a member dedicated resource, consisted of four reciprocating engines with a total of 10 MW of capacity. The plant was utilized for peaking power purposes and managing transmission costs of the Agency. It was also the location of the Agency's operations and scheduling center staff. The facility was originally a coal fired generating plant built in 1940. Due to aging infrastructure, maintenance, and seismic concerns, member Provo City made the decision to demolish the plant in conjunction with a complete renovation of the Provo City Power campus. Due to the unique role this facility provided in our resource mix, UMPA's Board of Directors approved a construction agreement with Wheeler Power Systems to build a new power generation plant at the same location. The Agency's new 12 MW plant will consist of five Caterpillar natural gas engines equipped with best available control technology for low emissions. The plant will be operated to achieve the benefits of the decommissioned plant and can provide peaking capacity below the operating minimums of a single unit at the West Valley Plant.

New UMPA Office Building

Due to the need to relocate UMPA's operating and scheduling center staff because of the retirement of the old Provo Plant, and the lack of sufficient space in our current administrative office, it afforded the Agency the opportunity to combine all of our staff and functions into a single, centralized location and, further, promote more efficient operations. After exploring several options, the Board approved a new location and the construction a new office building. The building is anticipated to be complete in April, 2017 and was designed for serving the Agency's needs for the next 50 years.

Rate Stabilization and Reserve Fund Policy

Fiscal year 2016 marks the second year of a defined and budgeted contribution to the Agency's rate stabilization fund. In May, 2016 UMPA's Board of Directors formalized an Agency policy that is designed to promote long-term financial security by setting reserve target levels at an appropriate amount of cash reserves and a plan to attain and maintain the required reserves. The policy will provide greater rate stability for our members and provide flexibility when confronted with unforeseen expenses or capital needs. The target level of the rate stabilization fund, combined with other working capital accounts and funds, is 120 days of operating expenses. The budgeted, defined contribution for FY16 was \$1,470,249. Further, as provided for in the policy, the Board elected to contribute additional funds at year-end of \$747,176 as member's wholesale power rates from UMPA were 3.8% under budget. The additional contribution augmented the annual defined total by 51%.

Forward Horizon

UMPA has future resource needs due to expiring power supply contracts and continued growth within our member cities. As we further refine our power needs and type, we remain focused on our mandate to develop a reliable and economic power supply program to meet the obligations of our members.

Consumer interest in renewable energy, particularly solar, continues to grow. Not every customer that is interested in solar is able to install a roof-top system. For some, the installation cost is too high. For others, they don't own a single-family home or their roof is not ideally suited or capable of supporting solar panels.

As an alternative to rooftop solar projects, utilities are analyzing and investing in utility-scale solar projects. This is where multiple entities, including utilities and their customers, work together to fund a large, utility-scale solar installation and share the electricity output. A benefit to this arrangement is providing a solar option for customers who otherwise couldn't do it themselves. In addition, a larger utility-scale solar project is more cost effective, produces more energy per installed kW, and are better integrated with the utility grid.

UMPA has begun the investigation of a utility-scale solar projects for our members. Solar power can and should be part of our energy portfolio. UMPA's member cities are working on ways to provide a cost-effective option for customers that addresses the limitations of rooftop systems.

By most measures, fiscal year 2016 was an active and successful year for the Agency and our members that we serve. We have worked through tough decisions, and the results speak for themselves. Our plan is working, because we are working together. That is the benefit of public power. It works.



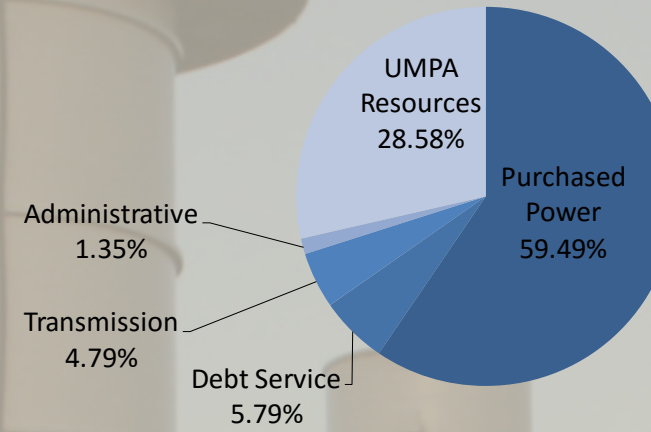
AGENCY STATISTICS

FIVE-YEAR FINANCIAL & OPERATIONAL REVIEW

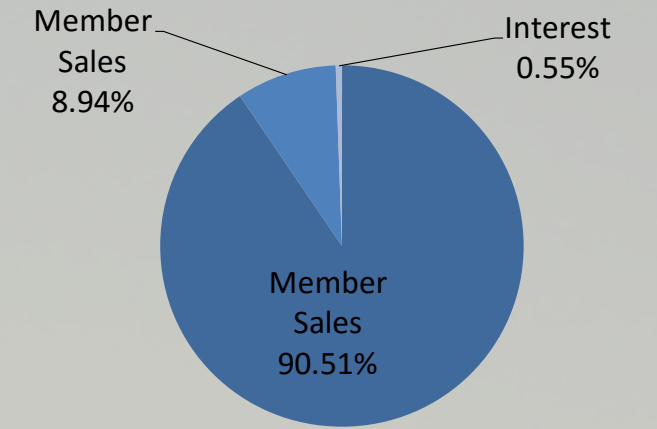
	2012	2013	2014	2015	2016
FINANCIAL DATA					
Total operating revenues	\$68,159,908	\$71,881,005	\$78,043,999	\$74,122,387	\$75,550,012
Total operating expenses	64,512,428	66,087,280	75,363,192	64,474,080	66,907,491
Income (loss) from Operations	3,647,480	5,793,725	2,680,807	9,648,307	8,642,521
Utility plant and equipment	13,935,319	15,294,925	17,813,717	17,024,686	15,323,957
Current assets	27,961,617	33,991,041	31,686,338	36,398,080	39,470,422
Long-term liabilities	21,707,607	25,110,316	21,757,752	16,046,010	9,422,385
Current liabilities	9,518,833	8,550,604	10,281,957	11,707,806	12,628,200
Rate Stabilization Fund Balance	1,607,654	2,591,684	2,925,132	4,647,533	6,904,349
Debt Service Coverage	1.18	1.65	1.00	1.54	1.36

	2012	2013	2014	2015	2016
STATISTICAL DATA					
Total member energy sales (kWh)	1,170,595,819	1,215,555,322	1,215,420,469	1,216,810,127	1,225,207,746
Total non-member energy sales (kWh)	135,459,532	101,363,636	143,190,270	133,589,164	139,030,557
Member Peak demand (kW)	254,843	264,667	270,298	279,987	271,911
Energy growth rate - member	1.31%	3.84%	(0.01)%	0.11%	0.69%
Billed capacity growth rate - member	27.46%	28.24%	(5.96)%	(3.02)%	13.41%

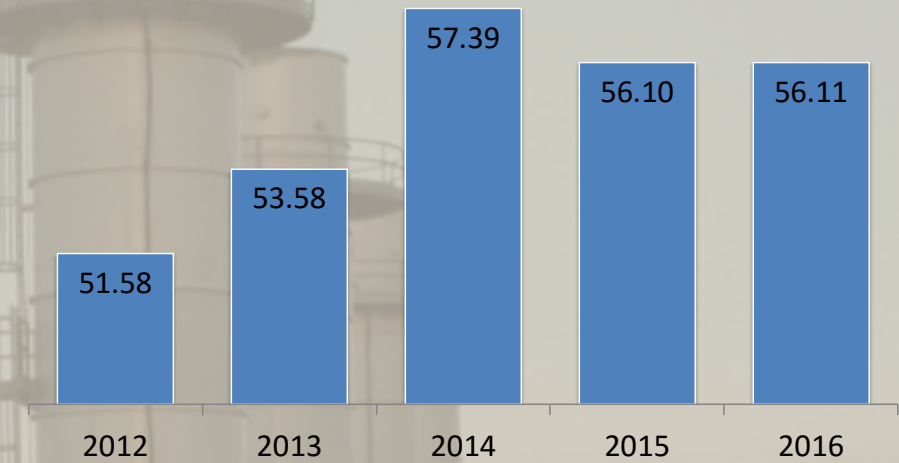
COSTS (RATE BASED)



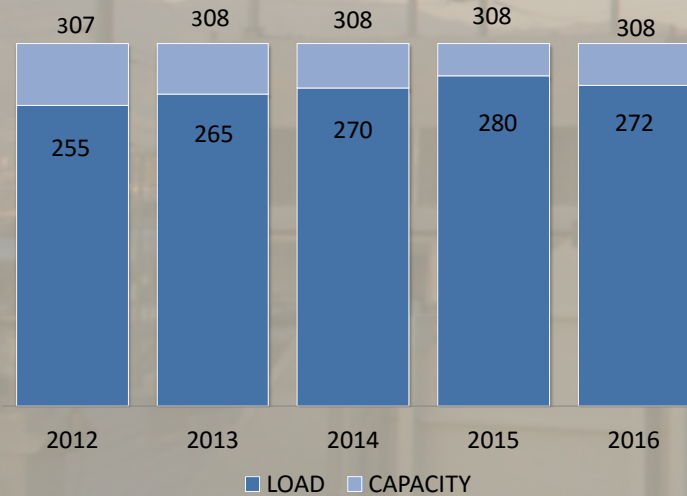
INCOME (RATE BASED)



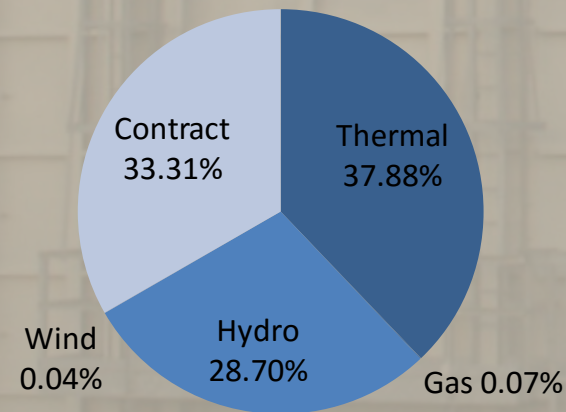
RATES (MILLS/kWh)



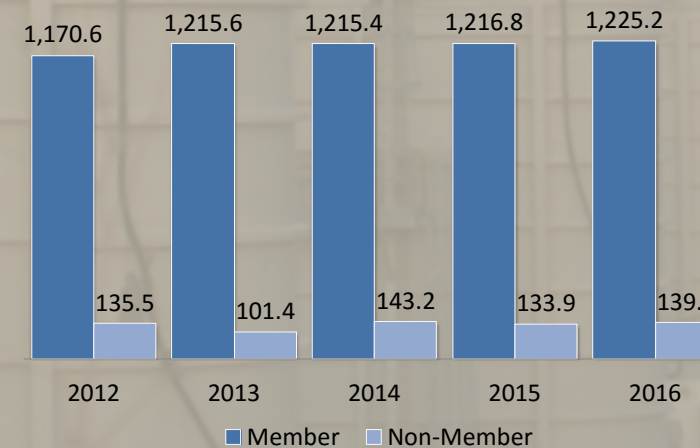
CAPACITY AND LOAD - ACTUAL (MW)



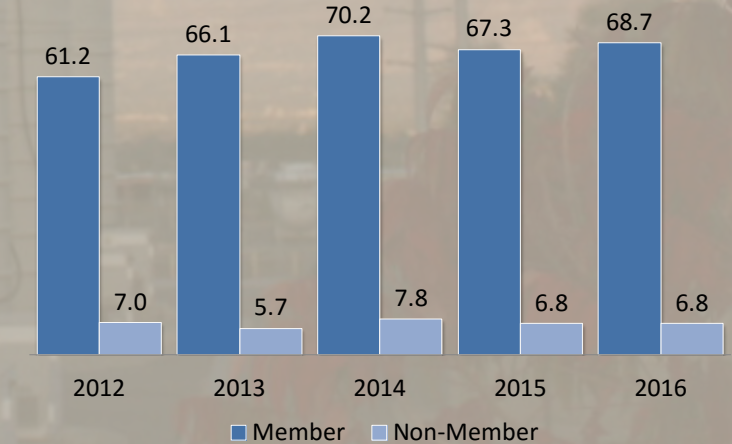
FUEL RESOURCE MIX



ENERGY SALES (kWh) - MILLIONS



REVENUE (MILLIONS)



MEMBER STATISTICS



RUSSELL MANGELSON
*UMPA Director
 Levan Town Mayor*



JASON WORWOOD
*UMPA Technical Committee
 Levan Power Superintendent*

LEVAN TOWN

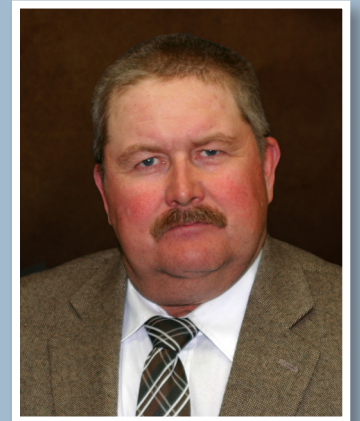
Population: 855
 Number of Customers: 330
 Energy Consumption (kWh): 4,994,456
 Peak Demand (kW): 1,205
 Peak Date: July 3, 2015 @ 1800 hrs.
 Energy Growth Rate: (1.06)%
 Capacity Growth Rate: (3.21)%

MANTI CITY

Population: 3,289
 Number of Customers: 1,387
 Energy Consumption (kWh): 21,296,679
 Peak Demand (kW): 4,289
 Peak Date: June 23, 2016 @ 1800 hrs.
 Energy Growth Rate: (1.38)%
 Capacity Growth Rate: 4.39%



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: 2,287
 Energy Consumption (kWh): 99,884,683
 Peak Demand (kW): 17,183
 Peak Date: July 2, 2015 @ 1330 hrs.
 Energy Growth Rate: 0.51%
 Capacity Growth Rate: (3.40)%



MARK JONES
*UMPA Secretary-Treasurer
 Nephi City Mayor*



RUST FINLINSON
*UMPA Technical Committee
 Nephi Electric Division Ops Manager*



STERLING REES
*UMPA Vice Chair
 Salem City Council*



CLARK CROOK
*UMPA Technical Committee
 Salem Power Superintendent*

SALEM CITY

Population: 7,330
 Number of Customers: 2,398
 Energy Consumption (kWh): 36,969,752
 Peak Demand (kW): 10,240
 Peak Date: July 27, 2016 @ 1800 hrs.
 Energy Growth Rate: 5.70%
 Capacity Growth Rate: 2.36%



JOHN CURTIS
*UMPA Chair
 Provo City Mayor*



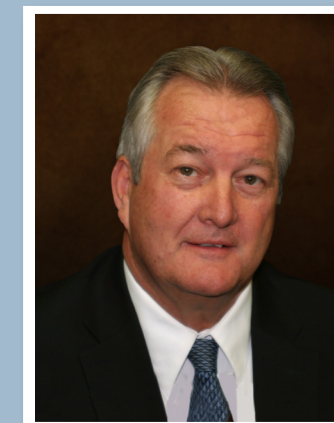
TRAVIS BALL
*UMPA Technical Committee Chair
 Provo Energy Director*

PROVO CITY

Population: 114,801
 Number of Customers: 36,204
 Energy Consumption (kWh): 800,443,152
 Peak Demand (kW): 179,158
 Peak Date: July 1, 2015 @ 1700 hrs.
 Energy Growth Rate: (0.73)%
 Capacity Growth Rate: (2.09)%

SPANISH FORK CITY

Population: 38,030
 Number of Customers: 11,657
 Energy Consumption (kWh): 261,619,024
 Peak Demand (kW): 62,173
 Peak Date: June 20, 2016 @ 1800 hrs.
 Energy Growth Rate: 4.37%
 Capacity Growth Rate: (2.26)%



STEVE LEIFSON
*UMPA Director
 Spanish Fork City Mayor*

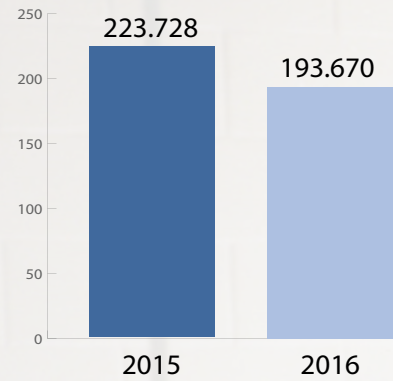


KELLY PETERSON
*UMPA Technical Committee Spanish Fork
 Power Superintendent*

PacifiCorp Firm

Capacity - kW 75,000
 Resource type Load following
 Resource interest Firm contracts
 kWh output, 2015 223,728,000
 kWh output, 2016 193,670,000
 Percent change (13.44)%
 Percent of 2016 18.28%

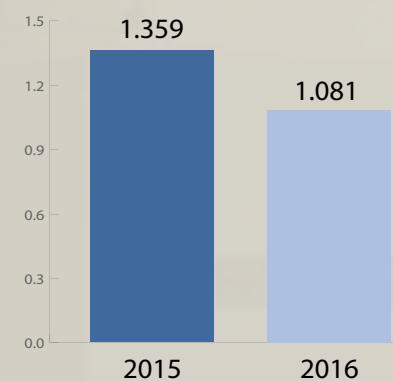
Millions Kilowatt Hours



Nephi Hydros

Capacity - kW 900
 Resource type Run of river
 Resource interest 100% Dedicated
 Fuel type Hydro
 kWh output, 2015 1,358,951
 kWh output, 2016 1,081,213
 Percent change (20.44)%
 Percent of 2016 0.10%

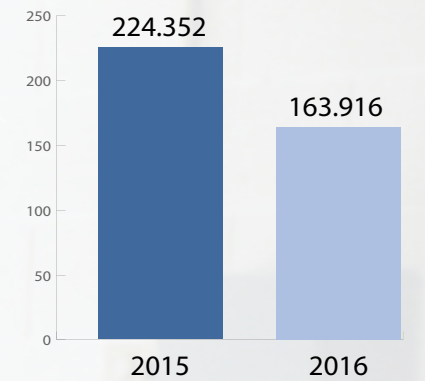
Millions Kilowatt Hours



Hunter Unit 1 Plant

Capacity - kW 430,000
 Resource type Load following
 Resource interest 6.25% Dedicated
 Fuel Type Coal
 kWh output, 2015 224,352,000
 kWh output, 2016 163,916,000
 Percent change (26.94)%
 Percent of 2016 15.47%

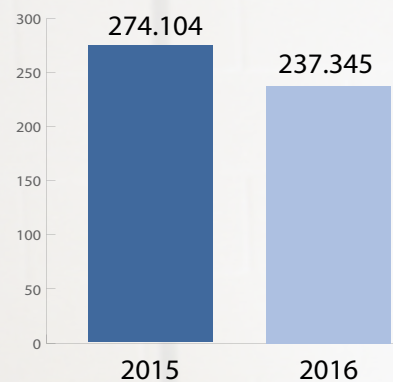
Millions Kilowatt Hours



Bonanza Unit 1 Plant

Capacity - kW 458,000
 Resource type Load following
 Resource int-owned 3.75%
 Resource int-contract 3.50%
 Fuel type Coal
 kWh output, 2015 274,104,000
 kWh output, 2016 237,345,000
 Percent change (13.41)%
 Percent of 2016 22.40%

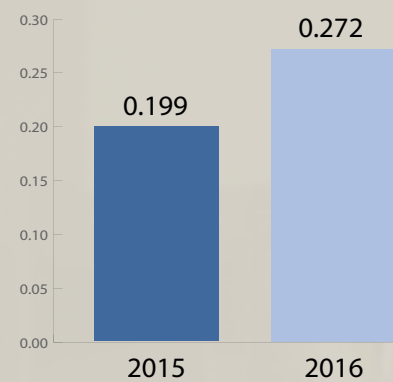
Millions Kilowatt Hours



Levan Hydros

Capacity - kW 320
 Resource type Run of river
 Resource interest 100% Dedicated
 Fuel type Hydro
 kWh output, 2015 199,026
 kWh output, 2016 272,384
 Percent change 36.86%
 Percent of 2016 0.03%

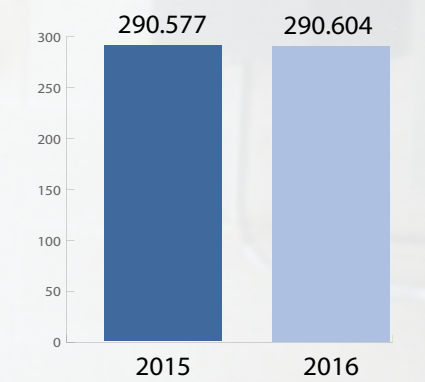
Millions Kilowatt Hours



CRSP

Capacity - kW 87,016
 Resource type Load following
 Resource interest Firm contract
 Fuel type Hydro
 kWh output, 2015 290,576,708
 kWh output, 2016 290,603,524
 Percent change 0.01%
 Percent of 2016 27.43%

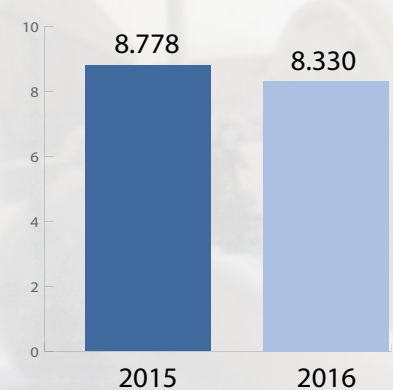
Millions Kilowatt Hours



Deer Creek

Capacity - kW 4,000
 Resource type Intermediate
 Resource interest Contract
 Fuel type Hydro
 kWh output, 2015 8,778,000
 kWh output, 2016 8,330,000
 Percent change (5.10)%
 Percent of 2016 0.79%

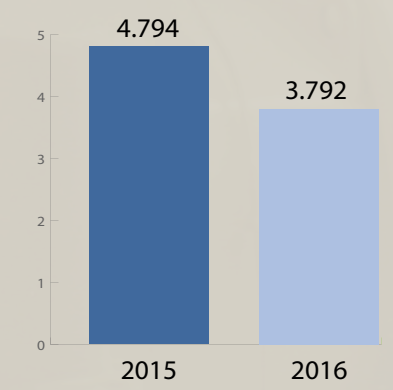
Millions Kilowatt Hours



Manti Hydros

Capacity - kW 2,200
 Resource type Run of river
 Resource interest 100% Dedicated
 Fuel type Hydro
 kWh output, 2015 4,794,190
 kWh output, 2016 3,792,007
 Percent change (20.90)%
 Percent of 2016 0.36%

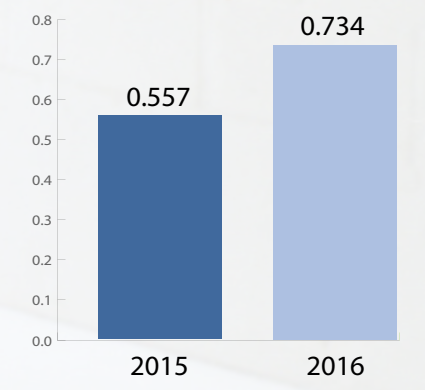
Millions Kilowatt Hours



Provo Plant

Capacity - kW 20,110
 Resource type Peaking & reserves
 Resource interest 100% Dedicated
 Fuel type Gas
 kWh output, 2015 557,167
 kWh output, 2016 733,992
 Percent change 31.74%
 Percent of 2016 0.07%

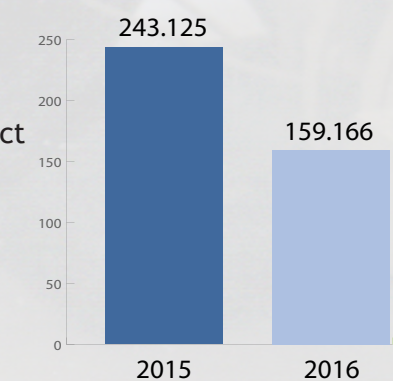
Millions Kilowatt Hours



DG&T Contract

Capacity - kW 80,000
 Resource type Load following
 Resource interest Contingent contract
 kWh output, 2015 243,125,000
 kWh output, 2016 159,166,000
 Percent change (34.53)%
 Percent of 2016 15.02%

Millions Kilowatt Hours



GENERATION RESOURCES

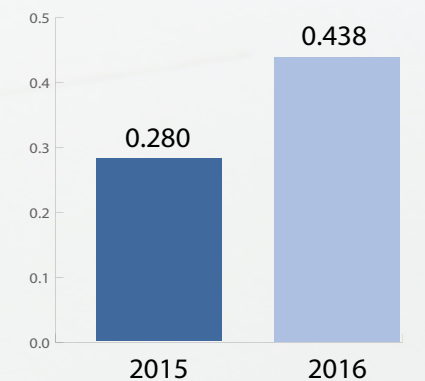
10

11

Wind Project

Capacity - kW 11
 Resource type Base load
 Resource interest Test Project
 kWh output, 2015 208,044
 kWh output, 2016 437,649
 Percent change 56.28%
 Percent of 2016 0.04%

Millions Kilowatt Hours





2016 Financial Statements
can be viewed on our website:

www.umpaccc.com

2016 Financial Statements
can also be obtained over
the phone by calling:

(801) 798-7489



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