



2014
ANNUAL
REPORT



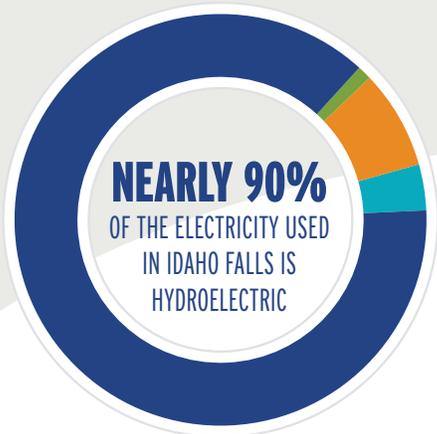
IDAHO FALLS POWER

BY THE NUMBERS

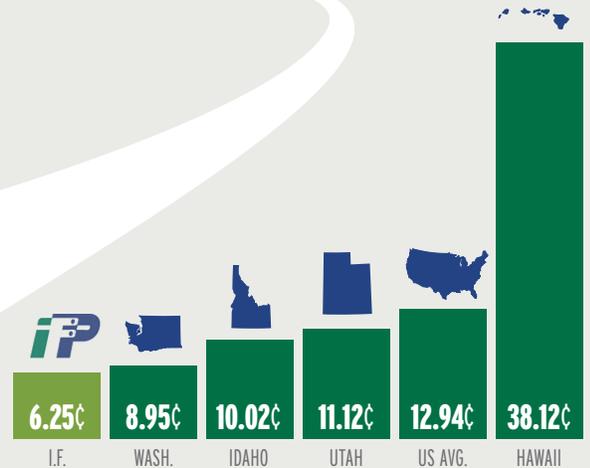
RETAIL SALES IN FY 2014

 **\$44,858,242**

 **692,999,882 kWh**



-  WIND.....1.25%
-  SOLAR.....0.003%
-  NUCLEAR.....7.78%
-  MARKET PURCHASE...3.44%
-  HYDROELECTRIC.....87.61%



MONTHLY ELECTRIC BILL COMPARISON FOR NEARBY CITIES

IDAHO FALLS	 \$91.25
COEUR D'ALENE	 \$120.11
POCATELLO	 \$128.79
BOISE	 \$129.05
SUN VALLEY	 \$129.83
ISLAND PARK	 \$132.55
SALT LAKE CITY	 \$161.85
AMMON	 \$177.99
SHELLEY	 \$177.99

AUGUST 2014 | BASED ON 1,300 KWH

 **47.4 MW**
capacity from four hydropower plants

 **0.02 MW**
capacity from two solar arrays

 **3 MW**
from Horse Butte Wind Project

FY14 SUMMER PEAK



FY14 WINTER PEAK



154 MW ALL-TIME SYSTEM PEAK IN DECEMBER 1998

 **27,000+**
customers

 **22.66 SQ. MI.**
service area

1983

2,645 kWh

average winter consumption

2014

1,676 kWh

average winter consumption

\$225 3,872 kWh
AVERAGE ANNUAL SAVINGS

for electrically heated homes weatherized through IFP programs over the last 30 years



37 MILES
transmission lines



410 MILES
distribution lines



MANAGEMENT STATEMENT

In 2015, as the City of Idaho Falls looks forward to its sesquicentennial celebration, one historic investment stands out as a cornerstone to shaping our city – the leadership and vision of pursuing a municipal electric system. The citizens of Idaho Falls have benefited from visionary leadership dating back more than a century back to 1900, when the city’s early leaders became pioneers in local energy development.

Our city leaders not only made Idaho Falls the first city in Idaho to own and operate its own electric utility, but also the first city anywhere to generate electricity through a hydropower facility on the Snake River. These early investments succeeded because they were based on sound ideas. City leaders sacrificed to make what was then a significant financial commitment and the city’s utility workers put forth the hard work and dedication to see it through. Building the city’s electric grid over the past century has contributed to the management complexities of our city compared to others in the state. Yet our electric utility and its infrastructure have served the city well and paved the way for our community to grow and prosper.

The addition of a fiber optic network in 2003 again added complexity to the services provided by the city of Idaho Falls. The fiber optic network, combined with our electric system backbone, sets us apart in terms of our ability to adapt to new challenges facing both the electric and communication sectors – and to provide a superior level of customer service.

As we pursue grid modernization, both the foundation of our electric and communication infrastructure play a critical role in the evolution of our service. This past year, in addition to maintenance, we focused on laying the groundwork to modernize the grid our city has developed. Testing with the Pacific Northwest Smart Grid Demonstration Project came to an end, and we are analyzing results to map out next moves as we reinvent our grid.

Because much of the core infrastructure in our system is more than 50 years old, we understand the need to reinvest in the system. Reinvesting allows us to transition to the kind of infrastructure needed to support future energy opportunities. Therefore, significant upgrades to our critical infrastructure continued this past year and will continue in future years. And, as we upgrade and enhance these assets, we do so with the core planning principles of resilience and security informing every improvement.

Just as with early leaders who pioneered our city’s electric system, our commitment to investing in the future will ensure modern, reliable, secure and efficient service to this great community for the next century. We are confident that modernizing our grid and extracting additional efficiencies from our system will secure our position as a regional price leader for decades to come.



MAYOR
Rebecca Casper

COUNCIL PRESIDENT
Mike Lehto
(Idaho Falls Power Division Liaison)

COUNCIL MEMBERS
Barbara Dee Ehardt
(Idaho Falls Power Division Liaison)

Thomas Hally

Ed Marohn

Sharon D. Parry

Dee Whittier

Rebecca L. Noah Casper
Mayor

Jackie Flowers
General Manager



REBUILD

MODERNIZING THE GRID

IFP undertook a number of projects in FY14 intended to maintain and improve the city's electric grid, to ensure the utility is able to meet its mission of providing safe, reliable, low-cost power to the city's residents. As the fiscal year came to a close, IFP was on the verge of upgrading all of the electric meters in the city. The new meters' wireless communication capabilities will provide a host of benefits to the utility and its customers, from automatic outage notification to quicker outage response.

At the substations, work focused on replacing aging equipment with new technology that provides system operators with more information and awareness of the state of the electric grid, ensuring a more reliable and robust network. Most of the work involved replacement of breakers and associated equipment that had been in place since the late 1950s and early '60s. The new gear not only will provide information to prevent outages but also will help cut the duration of those that do occur.

Idaho Falls is one of the oldest public power communities in the nation. Here's a look at milestones in the history of Idaho Falls Power.

1879

1879

Town of Eagle Rock is established.

1891

Residents vote to change the town's name to Idaho Falls.

1900

A small electric turbine is installed in an irrigation canal at South Boulevard and 10th Street.

1902

Demand for energy leads to the plant's expansion.

1903

City begins studying sites on the Snake River for a hydropower plant.



28,000
FEET

OF FIBER-OPTIC WIRE
INSTALLED IN FY14,
BRINGING THE TOTAL
INSTALLED TO 844,800 FEET



52,000
FEET

OF OVERHEAD CONDUCTOR
INSTALLED THROUGHOUT
THE CITY



40,000
FEET

LENGTH OF UNDERGROUND
LINE INSTALLED



10,000
METERS

APPROXIMATE NUMBER OF
ADVANCED METERS INSTALLED
IN THE CITY IN FY14



83

STREET LIGHTS

INSTALLED IN FY14



10

LED STREET LIGHTS

ENERGY EFFICIENT LED STREET
LIGHTS INSTALLED INFY14



LEDs use a fraction of the energy of the mercury vapor lights they replaced, yet they generate more light. They also last years longer, contain no toxic chemicals and are much cleaner for the environment.

● SYSTEM DEVELOPMENT ● GENERATION ● MODERNIZATION ● ENERGY EFFICIENCY ● USAGE

1909

City Council committee recommends site below Broadway Avenue Bridge for the hydro plant.

1911

Construction begins on the City Plant.

1914

City begins to meter electric consumption.

1910

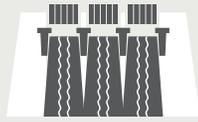
Voters approve bond issue for new plant.

1912

400-kilowatt City Plant goes into operation.

1917

City issues \$35,000 in bonds to upgrade the City Plant.



4

HYDRO FACILITIES

OWNED AND OPERATED BY IFP



123,525,556

KILOWATTS

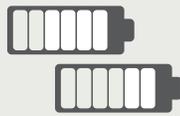
NET AMOUNT OF ELECTRICITY GENERATED BY THE CITY'S FOUR HYDRO PLANTS IN FY14



7,600

CUBIC FEET/SEC.

WATER LEVEL IN THE SNAKE RIVER NEEDED FOR OPTIMAL PERFORMANCE OF IFP'S HYDRO PLANTS



24

MEGAWATTS

GENERATING CAPACITY OF GEM STATE HYDRO PROJECT



8

MEGAWATTS

GENERATING CAPACITY OF EACH OF THE THREE BULB TURBINE PLANTS



75

YEARS

EXPECTED LIFESPAN OF THE REFURBISHED OLD LOWER PLANT



IFP collected \$58,000 in revenue as a result of recycling efforts of in FY14. A chunk of this has come from the metal and glass material found in the outdated analog meters replaced.

1918

A 600-kilowatt turbine generator is installed at the City Plant as demand for electricity outpaces generation.

1927

City generates 7.4 million kilowatts of electricity for the year.

1929

Upper Plant goes online.

1919-1926

City spends more than \$100,000 to upgrade the City Plant.

1928

City officials begin planning for the Upper Plant.

1931

Upper Plant upgraded with new generator.



REINVEST

OVERHAULING THE OLD LOWER PLANT

The most significant project undertaken in FY14 was the work to rebuild the Old Lower Plant, which IFP purchased from Utah Power and Light in 1940. The plant, which went online in the mid-1930s and was damaged in the Teton Dam Flood in 1976, consists of two 1.5 megawatt generators. It's been off-line since 2011, when one of the units suffered an electrical fault. The generators were removed and shipped for testing to determine

the options for rebuild. Design work for the plant's rebuild began shortly thereafter and Generation crews removed the turbines in 2014 to make room for the installation of upgraded turbines. All of the old equipment—switchgear, governors, etc.—was removed from the plant in FY14 and the walls and floor have been repainted. The repairs, estimated to cost \$5 million, are on track for completion and the plant back online in FY16.

● SYSTEM DEVELOPMENT ● GENERATION ● MODERNIZATION ● ENERGY EFFICIENCY ● USAGE

1934

City begins program to cycle hot water heaters when river flows are low, to reduce peak demand for electricity.

1937

City purchases the Old Lower Plant from Utah Power and Light.

1939

Two-year effort to expand the Old Lower Plant completed.

1935

City engineers begin exploring options for additional generation.

1938

City generates 20 million kilowatts of electricity for the year.



RESPOND

IFP'S ROLE IN THE COMMUNITY

As a Reliable Public Power Provider, IFP has long been recognized for its quick response to power outages. But that's not the only need we respond to in the community in which we live and work. The utility's outreach efforts

range from the recreational opportunities associated with its hydro plants to educational presentations and tours to the recruitment of volunteers for the Pacific Northwest Smart Grid Demonstration Project.



5

BOAT RAMPS

MAINTAINED ALONG THE SNAKE RIVER



2,400

POUNDS

TROUT STOCKED ANNUALLY IN THE CHILDREN'S FISHING POND



170

FEET

OF SANDY BEACH AT THE SWIMMING AREA OF 305-ACRE GEM LAKE MARINA



7

SHELTERS

WITH FIRE PITS AT GEM LAKE MARINA



1,756

PEOPLE

TOURED THE CITY PLANT DURING FY14

1941

City's peak load exceeds 6,000 kilowatts for the first time; plants capable of generating 8,000 kilowatts.

1945

Peak load climbs above 7,500 kilowatts.

1960

Peak load hits 27,400 kilowatts; IFP generates 40 percent of the city's electricity.

1940

City Plant upgraded.

1943

City signs 20-year contract to purchase power from UP&L.

1950

Peak load hits 11,500 kilowatts for the year.

PACIFIC NORTHWEST SMART GRID DEMONSTRATION PROJECT



IFP was one of 11 utilities to take part in the regional project, the largest of 16 Smart Grid-related projects funded by the US Department of Energy through the American Recovery and Reinvestment Act.

The goal of the five-year project, the data-collection phase of which ended in the fall, was to test technology aimed at improving and rebuilding the nation's electric grid.

The utility's participation was multi-faceted and touched on several aspects of IFP's operation, from the transmission and distribution system to energy storage via batteries to electric vehicles.

AT A GLANCE

IFP's participation in the Smart Grid project also involved testing technology in the homes of nearly 1,000 volunteers.

All received an advanced meter that communicates not only with the utility but also with an in-home display that presents real-time data on energy use in the home.

More than 200 customers volunteered to have a device installed on their electric water heater that allowed IFP to cycle off the appliance

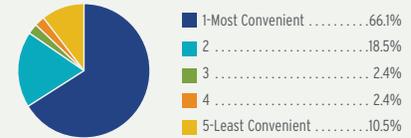
during periods of peak energy use in the city, while nearly 50 volunteered to install a programmable thermostat with technology that enabled IFP to adjust their heating and cooling systems at peak load.

This testing on in-home equipment ran for nearly two years until ending in the fall. The goal was to see if the technology could help the utility shed load in order to avoid unplanned power purchases while minimizing or eliminating customer inconvenience.

We continue to analyze the data from the tests, but we have heard from the volunteers. Here's a glimpse at what they said:

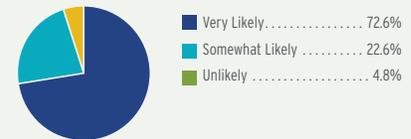
CONVENIENCE

Project's overall level of convenience from installation to removal, rated using a scale of 1 to 5 where 1 is the most convenient.



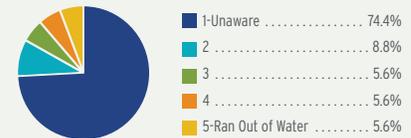
DEMAND RESPONSE

If IFP were to expand the Demand Response program to all utility customers, how likely are you to enroll based on your experience?



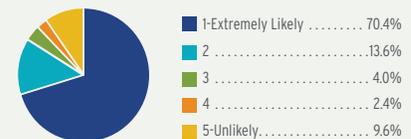
AWARENESS

Awareness of water heater recycling, where 1 means you were totally unaware to 5 meaning you ran out of hot water at least once.



PARTICIPATION

Likelihood of participation in another pilot program offered by IFP, based on experience. Use a scale of 1-5, with 5 indicating you're very likely to participate.



● SYSTEM DEVELOPMENT ● GENERATION ● MODERNIZATION ● ENERGY EFFICIENCY ● USAGE

1963

Peak load hits 40,000 kilowatts.

1965

City cancels its contract with UP&L, buys exclusively from BPA.

1961

City begins installing mercury-vapor streetlights downtown; power pole treatment plant built; first hydraulic boom truck purchased.

1963

The city begins its power-purchasing relationship with Bonneville Power Administration.

1964-1967

More than \$1.5 million is spent on the city's electric grid.

STATEMENT OF NET POSITION

Assets

As of September 30	2014	2013
CURRENT ASSETS		
Cash and cash equivalents	\$ 8,553,504	\$ 6,687,326
Investments	13,563,364	21,741,893
Accounts receivable, net	3,947,969	4,475,326
Power contracts receivable	2,657,550	1,696,487
Interest receivable	228,514	169,668
Materials and supplies	3,667,814	3,557,508
Due from other City funds	294,746	311,217
Total current assets	32,913,461	38,639,425
RESTRICTED ASSETS		
Cash and cash equivalents	3,992,651	4,003,633
LONG-TERM INVESTMENTS		
	24,088,591	15,160,854
UTILITY PLANT		
Plant in service	204,136,263	195,996,401
Accumulated depreciation	(119,650,036)	(114,793,536)
Construction work-in-progress	5,658,424	8,036,844
Net utility plant	90,144,651	89,239,709
OTHER ASSETS		
	-0	128,216
Total assets	\$ 151,139,354	\$ 147,171,837

Footnotes to financial statements are available upon request.

MID-1960s

IFP transfers more than 40 percent of revenue to city's general fund, helping the city purchase and operate 16 public parks, the zoo and a golf course, and build the airport.

1975

IFP office building is constructed.

1973

IFP commissions Long-Range Transmission Planning Study to assess adequacy of the 44-kilovolt sub transmission line and plan transmission expansion needs to ensure reliable electric service.

STATEMENT OF NET POSITION

Liabilities and Net Position

As of September 30	2014	2013
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 2,302,021	\$ 2,250,735
Purchased power payable	2,644,144	2,376,065
Due to other City funds	<u>532</u>	<u>283</u>
Total current liabilities	4,946,697	4,627,083
LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Current portion of interest payable	2,930,365	3,019,342
Current portion of bonds payable	<u>728,860</u>	<u>785,658</u>
Total liabilities payable from restricted assets	3,659,225	3,805,000
LONG-TERM LIABILITIES, net of current portion		
Bonds payable	-0	728,860
Interest payable	-0	2,553,590
Post-employment benefit obligation	<u>10,399</u>	<u>12,712</u>
Total long-term liabilities, net of current portion	10,399	3,295,162
Total Liabilities	8,616,321	11,727,245
NET POSITION		
Net investment in capital assets	89,415,791	87,853,407
Restricted	1,062,286	984,291
Unrestricted	<u>52,044,956</u>	<u>46,606,894</u>
Total Net Position	142,523,033	135,444,592
Total liabilities and net position	\$ 151,139,354	\$ 147,171,837

● SYSTEM DEVELOPMENT ● GENERATION ● MODERNIZATION ● ENERGY EFFICIENCY ● USAGE

1977

City leaders announce plans for a \$48 million bond issue to rebuild the three plants with bulb turbines.

1979

City awards bid for new turbines and generators, identifies location for new hydro facility named Gem State Project.

1976

Teton Dam flood destroys City Plant and significantly damages the Upper, Lower and Old Lower plants; city engineers begin planning to replace and upgrade the damaged facilities.

1978

Voters overwhelmingly approve the bond.

Statement of Revenues, Expenses and Changes in Net Position

As of September 30	2014	2013
OPERATING REVENUES		
Retail	\$ 44,858,242	\$ 43,746,799
Wholesale	13,477,912	10,987,666
Other	1,059,480	949,626
Total operating revenues	59,395,634	55,684,091
OPERATING EXPENSES		
Purchased power	30,744,823	27,848,406
Power generation	2,782,669	2,679,122
Transmission and distribution	2,553,629	2,452,561
Customer accounting and collection	1,571,302	1,707,073
General and administrative	6,712,228	5,615,423
Depreciation	6,076,149	5,841,575
Total operating expenses	50,440,800	46,144,160
OPERATING INCOME	8,954,834	9,539,931
OTHER REVENUE (EXPENSE)		
Investment earnings	281,604	322,955
Interest expense	(504,991)	(806,402)
Transfers for payments in lieu of taxes	(3,392,022)	(3,388,681)
Other	1,046,842	1,468,577
Total other expense	(2,568,567)	(2,403,551)
CAPITAL CONTRIBUTIONS	692,174	1,010,020
CHANGE IN NET POSITION	7,078,441	8,146,400
NET POSITION, beginning of year	135,444,592	127,298,192
NET POSITION, end of year	\$ 142,523,033	\$ 135,444,592

1982

Lower Plant comes online.

1982

City and Upper plants resume operation. Combined, the refurbished plants produce one-third of the city's energy requirements.

1981

South 161-kilovolt sub transmission line is constructed, roughly half of the 161-kv backbone identified in the long-term transmission plan conducted in 1973.

1982

IFP forms Conservation Department to satisfy BPA requirements to promote conservation and energy-efficiency measures.

1984

Voters overwhelmingly approve \$48 million bond for Gem State Project.

Statements of Cash Flows

As of September 30	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 55,859,744	\$ 52,376,291
Receipts from City	3,118,655	2,958,210
Payments to suppliers	(35,206,607)	(31,222,112)
Payments to employees	(5,711,215)	(5,301,331)
Payments to City for services used	(3,129,528)	(2,799,205)
Net cash flows from operating activities	14,931,049	16,011,853
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers for payments in lieu of taxes	(3,392,022)	(3,388,681)
Other, net	1,046,842	1,468,577
Net cash flows from noncapital financing activities	(2,345,180)	(1,920,104)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Plant expenditures and construction of capital assets	(6,288,917)	(4,322,619)
Change in materials and supplies	(110,306)	(442,820)
Principal payments on bonds	(785,658)	(1,693,715)
Interest payments on bonds	(3,019,342)	(5,956,286)
Net cash flows from capital and related financing activities	(10,204,223)	(12,415,440)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(70,800,112)	(78,248,573)
Proceeds from sale and maturity of investments	70,050,904	71,252,166
Interest on investments	222,758	261,017
Net cash flows from investing activities	(526,450)	(6,735,390)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,855,196	(5,059,081)
CASH AND CASH EQUIVALENTS, beginning of year	10,690,959	15,750,040
CASH AND CASH EQUIVALENTS, end of year	\$ 12,546,155	\$ 10,690,959

● SYSTEM DEVELOPMENT ● GENERATION ● MODERNIZATION ● ENERGY EFFICIENCY ● USAGE

1988

Gem State begins generating power, enabling the city to meet more than 40 percent of its energy needs.

1995

Federal Energy Regulatory Commission denies license for the proposed plant, called the Shelley Project.

EARLY 1990s

IFP makes plans to add another hydroelectric plant on the Snake River.

1998

City hits all-time peak load of 154 megawatts.

Statements of Cash Flows

As of September 30	2014	2013
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 8,954,834	\$ 9,539,931
Adjustments to reconcile operating income to net cash flows from operating activities		
Depreciation	6,076,149	5,841,575
Changes in operating assets and liabilities		
Accounts receivable	527,357	(394,714)
Power contracts receivable	(961,063)	35,918
Due from/to other City funds	16,720	8,514
Accounts payable and accrued liabilities	51,286	639,769
Purchased power payable	268,079	337,500
Post-employment benefit obligation	(2,313)	3,360
Net cash flows from operating activities	<u>14,931,049</u>	<u>16,011,853</u>
SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING AND INVESTING ACTIVITIES		
Contributed utility plant by governmental authorities	<u>\$ 65,764</u>	<u>\$ 283,056</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents, current	\$ 8,553,504	\$ 6,687,326
Cash and cash equivalents, restricted	<u>3,992,651</u>	<u>4,003,633</u>
Cash and cash equivalents, end of year	<u>\$ 12,546,155</u>	<u>\$ 10,690,959</u>

2007

IFP begins updating its long-term transmission plan to determine next steps in the 161-kv backbone expansion.

2009

IFP begins participation in the 5-year Pacific Northwest Smart Grid Demonstration Project.

2006

Voters approve bond to fund IFP's investment in a coal-fired plant, Intermountain Power Project Unit 3 (IPP3), to be built in Utah.

2008

Plans for IPP3 fall apart when Los Angeles revokes a joint-facilities agreement due to carbon-emission concerns; lawsuit settled between parties; IFP begins exploring alternative generation resources, including wind and solar.

ENERGY EFFICIENCY, BY THE NUMBERS:

IFP offers a number of programs to help its customers save energy, from zero-interest loans on Energy Star-rated appliances to rebates for commercial lighting projects to free energy audits of the city's homes and businesses.

544

Number of customers who took part in the EE programs in FY14.

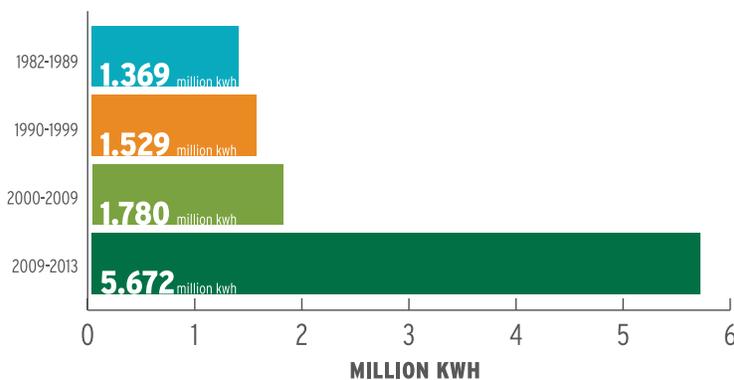
2,500

Average annual savings per weatherized home, in kilowatt-hours.

127

Number of free energy audits conducted in FY14.

TREND IN ENERGY EFFICIENCY PROGRAMS SINCE INCEPTION IN 1982



5.4 million

Energy saved, in kilowatt-hours, in FY14 through IFP's EE programs, enough to power 432 homes

\$360,000

Amount saved, in dollars, through IFP's EE programs in FY14.

111

Number of commercial lighting projects completed in FY14.

2,330,657

Energy saved, in kilowatt-hours, as a result of the commercial lighting projects completed in FY14.

● SYSTEM DEVELOPMENT ● GENERATION ● MODERNIZATION ● ENERGY EFFICIENCY ● USAGE

2011

A 1.6-kilowatt tracking solar array is added to IFP's portfolio.

2013

IFP invests in first LED bulbs for street light project along Memorial Drive.

2015

Bonds for the existing plants set to be paid in full.

2010

Solar panels capable of generating 15 kilowatts added to the roof of IFP office building.

2012

IFP is one of 24 utilities to invest in a 32-turbine wind farm east of the city.

2014

IFP completes 99 percent of advanced meter infrastructure upgrade.



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