



2008 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 The IERA reports annually to the Governor and the Legislature on its operations and activities.³

Board Appointments

The initial three-year terms for IERA board members Larry Crowley and Ralph Williams expired on June 30, 2008. Governor Otter appointed both Mr. Crowley and Mr. Williams to a second and full six year term on the IERA board. Those two appointments were confirmed by the Senate in 2009.

Project Development and Financings and Operations

The IERA began 2008 working with Raft River Electric Cooperative (Raft River) and State Treasurer Ron Crane to finance approximately \$7 million for the construction of a new transmission line in south central Idaho to the Duck Valley Indian Reservation. A private placement of a single bond to be sold by the IERA to the Idaho Treasury was contemplated, with bond proceeds to be distributed to Raft River for construction of the line. Raft River sought a lien accommodation from the Rural Utility Services (RUS) with regard to this transaction, as RUS is the primary lender to Raft River. That lien accommodation request stimulated RUS to offer Raft River a loan for the transmission line at terms more favorable to Raft River than previously offered by RUS, and as offered by the IERA. While the IERA was unable to complete the transaction with Raft River, it was instrumental in bringing less costly financing to Raft River than was otherwise available.

In 2008 the IERA and the Bonneville Power Administration continued 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. Bonneville and the IERA were targeting a 2008 fourth quarter financing, pending favorable resolution of IERA qualification issues. Negotiations and qualification due diligence efforts were

¹ Idaho Code § 67-8904

² Idaho Code § 67-8902

³ Idaho Code § 67-8921

suspended in the fall of 2008 however, as turbulence in the financial markets made a late 2008 IERA bond sale virtually impossible. The parties have resumed discussions, are working to resolve outstanding qualification issues and hope to complete a transaction as financial markets stabilize.

Project Development and Financings and Operations

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 2008 fiscal year, and its assets and liabilities as of December 31, 2008.

The IERA has no bonds outstanding as of December 31, 2008.

Balance Sheet

Dec 31, 08

ASSETS

Current Assets

Checking/Savings

IIB Operating Account 3,808.15

Total Checking/Savings 3,808.15

Total Current Assets 3,808.15

TOTAL ASSETS 3,808.15

LIABILITIES & EQUITY

Liabilities

Long Term Liabilities

ICUA Loan 25,000.00

Total Long Term Liabilities 25,000.00

Total Liabilities 25,000.00

Equity

Unrestrict (retained earnings) -16,676.66

Net Income -4,515.19

Total Equity -21,191.85

TOTAL LIABILITIES & EQUITY 3,808.15

Profit & Loss

Jan - Dec 08

Income 0.00

Expense

Administrative 2,510.00

Printing & Supplies 650.23

Travel 478.96

Insurance 876.00

Total Expense -4,515.19

Net Ordinary Income -4,515.19