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March 30, 2011

Honorable Governor C.L. "Butch" Otter
Senate President Pro Tem Brent Hill
House Speaker Lawrence Denny

Subject: **2010 Annual Report of the Idaho Energy Resources Authority**

Gentlemen:

Idaho Code requires that the Idaho Energy Resources Authority annually report to the Governor and the Legislature the Authority's operations and accomplishments and provide an accounting of its receipts and expenditures, assets and liabilities and schedule of bonds outstanding. Attached is the 2010 Annual Report.

Thank you for the opportunity to serve the people of the state of Idaho through the Idaho Energy Resources Authority.

Sincerely,

Robert E. Mooney

Robert E. Mooney, Chairman

Ronald L. Williams

Ronald L. Williams
Attorney for the IERA



2010 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

Board Appointments

The initial term for IERA board member and Chairman E. Robert Mooney expired on June 30, 2010. Governor Otter has reappointed Mr. Mooney to a second and full six year term on the IERA board.

Project Development, Financings and Operations

2010 provided the IERA with the opportunity to assist a consortium of municipalities and electric cooperatives from Idaho, Utah and Wyoming in developing the Horse Butte Wind project in Bonneville County, Idaho. The Utah Associated Municipal Power Systems (UAMPS) asked the IERA to participate in the ownership and development of Horse Butte, in order to maximize benefits available under the federal Stimulus Act and lower the development costs for UAMPS members, including the City of Idaho Falls and Lower Valley Energy, both with customers in eastern Idaho. The Wind facility is a 65 MW project providing enough average generation to serve around 15,000 homes. Construction has started and is expected to finish in 2011. UAMPS is the developer of the Project, with all the electricity destined for a number of municipal and cooperative utility members of UAMPS in Idaho, Wyoming and Utah.

The IERA also looked at assisting a municipal solid waste (MSW) renewable energy developer by issuing Qualified Energy Conservation Bonds (QECBs) to finance the MSW project. The project developer intended to sell the electrical output from the facility to an Idaho investor owned utility. The utility declined the invitation of the developer to negotiate at arms length a power sales agreement and insisted that if the developer intended to move forward with a power sales agreement, the developer would have to become a Qualifying Facility under the Public Utilities Regulatory Policy Act of 1978 (PURPA). Unfortunately, the IERA is statutorily prohibited from financing PURPA

¹ Idaho Code § 67-8904

² Idaho Code § 67-8902

projects. The MSW developer has since filed as a Qualifying Facility with the Federal Energy Regulatory Commission and is seeking alternative financing.

The IERA and the Bonneville Power Administration continued discussions in 2010 about the IERA becoming qualified to facilitate BPA's third party conduit financing needs, used to augment BPA's direct U S Treasury borrowing. However, a significant increase in Bonneville's Treasury borrowing authority, as part of the federal stimulus package, continues to lessen the urgency for Bonneville to turn to the IERA for third party financing.

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 2010 fiscal year, and its assets and liabilities as of December 31, 2010.

The IERA has no bonds outstanding as of December 31, 2010.

Idaho Energy Resources Authority

		Balance Sheet	
		Dec 31, 10	
ASSETS			
Current Assets			
Checking/Savings			
IIB Operating Account		35,634.83	
Total Checking/Savings		<u>35,634.83</u>	
Total Current Assets		<u>35,634.83</u>	
TOTAL ASSETS		<u>35,634.83</u>	
LIABILITIES & EQUITY			
Liabilities			
Long Term Liabilities			
ICUA Loan		25,000.00	
Total Long Term Liabilities		<u>25,000.00</u>	
Total Liabilities		<u>25,000.00</u>	
Equity			
Unrestrict (retained earnings)		-21,191.85	
Net Income		31,826.68	
Total Equity		<u>10,634.83</u>	
TOTAL LIABILITIES & EQUITY		<u>35,634.83</u>	
		Profit & Loss Statement	
		Dec 31, 10	
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