Intermountain Power Agency

Financial Statements as of and for the Years Ended June 30, 2026 and 2025, Supplemental Schedule for the Years Ended June 30, 2025 and 2026, and Independent Auditor's Report

INTERMOUNTAIN POWER AGENCY

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1–2
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	3–10
FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2026 AND 2025:	
Statements of Net Position	11–12
Statements of Revenues, Expenses, and Changes in Net Position	13
Statements of Cash Flows	14–15
Notes to Consolidated Financial Statements	16–31
SUPPLEMENTAL SCHEDULES OF CHANGES IN FUNDS ESTABLISHED BY THE IPA REVENUE BOND RESOLUTION FOR THE YEARS ENDED JUNE 30, 2025 AND 2026	32–33

Deloitte & Touche LLP
95 South State Street
Suite 900
Salt Lake City, UT 84111-1770
USA

Tel:+1 801 328 4706
Fax:+1 801 366 7900
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Intermountain Power Agency

Opinion

We have audited the financial statements of Intermountain Power Agency (IPA), which comprise the statements of net position as of June 30, 2026 and 2025, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2026 and 2025, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis listed in the foregoing table of contents be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Schedule of Changes in Funds Established by the IPA Revenue Bond Resolution for the Years Ended June 30, 2025 and 2026 listed in the foregoing table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Deloitte + Touche LLP

September 28, 2026

Overview of the Financial Statements

The Intermountain Power Agency (IPA) is a political subdivision of the State of Utah formed by 23 Utah municipalities pursuant to the provisions of the Utah Interlocal Co-operation Act. IPA owns, finances, operates, and maintains a two-unit, natural gas fired steam-electric generating plant, a two-unit, coal-fired steam-electric generating plant, and switchyard located in Millard County, Utah and transmission systems through portions of Utah, Nevada and California (the "Project"). IPA has irrevocably sold the entire capacity of the Project pursuant to Power Sales Contracts, as amended (the "Contracts"), to 35 utilities (the "Purchasers"). The Contracts will terminate on June 15, 2027. IPA and the Purchasers subsequently executed the Second Amendatory Power Sales Contracts, which provide that the Project be repowered, and that IPA offer the Purchasers renewal in their generation and associated transmission entitlements through Renewal Power Sales Contracts (the "Renewal Contracts"), the term of which commences upon the termination of the Contracts. IPA and 32 of the Purchasers entered into Renewal Contracts, which became effective on January 16, 2017. The Renewal Contracts will terminate on the earlier of (a) June 15, 2077, (b) the latest date allowable under the Utah Interlocal Co-operation Act if amended, or (c) the final retirement date of the Project Components. Two renewing California Purchasers subsequently provided a notice of termination of their Renewal Contracts to IPA effective November 1, 2019. All entitlement shares abandoned by non-renewing purchasers were fully allocated among the remaining purchasers. The Renewal Contracts are currently effective but are to govern the purchase and sale of the capacity and output of the Project upon the termination of the Contracts. The Renewal Contracts provide for the Gas Repowering of the Project (see additional discussion in the Project Repowering section of Management's Discussion and Analysis). The Purchasers are unconditionally obligated to pay all costs of operation, maintenance and debt service, whether or not the Project or any part thereof is operating or operable, or its output is suspended, interrupted, interfered with, reduced, or terminated.

IPA's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and consist of statements of net position, statements of revenues, expenses, and changes in net position, statements of cash flows, and the related notes to the financial statements. The statements of net position report IPA's assets, deferred outflows of resources, liabilities, and deferred inflows of resources as of the end of the fiscal year. Investments are stated at fair value. No net position is reported in the statements of net position because IPA is completely debt financed and the Contracts contain no provision for profit. The Contracts govern how and when Project costs become billable to the Purchasers. Net costs billed to participants not yet expensed in accordance with U.S. GAAP or expenses recognized but not currently billable under the Contracts are recorded as net costs billed to participants not yet expensed (a deferred inflow) or deferred as net costs to be recovered from future billings to participants (an asset), respectively, in IPA's statements of net position. In future periods, the deferred inflow will be settled, or the asset will be recovered as the associated expenses are recognized in accordance with U.S. GAAP or when they become billable Project costs in future participant billings, respectively. At June 30, 2026 and 2025, total accumulated Project costs billed to participants exceeded accumulated U.S. GAAP expenses, resulting in a deferred inflow, net costs billed to participants not yet expensed. Over the life of the Project, aggregate U.S. GAAP expenses will equal aggregate billed Project costs. The statements of revenues, expenses, and changes in net position report the results of operations and changes in net position, and the statements of cash flows report the resulting cash flows for the fiscal year. Net costs billed to participants not yet expensed, as reported in the statements of revenues, expenses, and changes in net position, reflects the extent to which billable Project costs are greater than U.S. GAAP expenses during the fiscal year.

Financial Summary

The following table summarizes the financial condition and operations of IPA as of and for the years ended June 30, 2026, 2025 and 2024 (in thousands):

Assets:	**2026**	**2025**	**2024**
Utility plant, net	$ 2,165,669	$ 1,814,353	$ 1,713,904
Cash, cash equivalents, and investments	1,195,539	1,163,972	1,058,787
Other	86,339	120,455	161,081
Total assets	3,447,547	3,098,780	2,933,772
Deferred outflows of resources	35,396	47,393	58,105
Total assets and deferred outflows of resources	$ 3,482,943	$ 3,146,173	$ 2,991,877
Liabilities:			
Debt	$ 1,961,541	$ 1,966,591	$ 1,790,280
Asset retirement obligations	331,574	320,361	311,939
Other	467,118	355,457	366,190
Total liabilities	2,760,233	2,642,409	2,468,409
Deferred inflows of resources:			
Net costs billed to participants not yet expensed	211,294	95,367	216,211
Prefunding of decommissioning and hydrogen betterments	507,484	404,303	303,000
Other	3,932	4,094	4,257
Total deferred inflows of resources	722,710	503,764	523,468
Total liabilities and deferred inflows of resources	$ 3,482,943	$ 3,146,173	$ 2,991,877
Revenues, Expenses, and Changes in Net Position			
Operating revenues, net	$ 521,332	$ 444,761	$ 304,757
Fuel	(169,186)	(243,930)	(144,296)
Other operating expenses	(189,144)	(301,058)	(278,338)
Operating income (loss)	163,002	(100,227)	(117,877)
Non-operating income [(1)]	-	-	2,220
Non-operating revenues (expenses) [(1)]	(47,075)	(20,617)	(2,572)
Net costs billed to participants not yet expensed	(115,927)	120,844	118,229
Change in net position	$ -	$ -	$ -

(1) 2025 amounts have bee reclassifed to conform to the current year presentation in accordance with the adoption of GASB Statement No. 103

Detailed Analysis

Assets

The net increase in gross utility plant of $365 million in 2026 resulted from additions of $367 million offset by retirements of $2 million. The 2026 additions were principally due to the ongoing construction associated with IPA Repowering (see discussion of IPA Repowering below). During 2026, the major components of IPA Repowering included the ongoing construction of the Intermountain and Adelanto Converter Stations, and final construction and testing of the new generating Units 3 and 4, which were placed into service on October 10, 2025 and December 9, 2025, respectively. The net increase in gross utility plant of $195 million in 2025 resulted from additions of $199 million offset by retirements of $4 million. The 2025 additions were principally due to the continued construction associated with IPA Repowering. During 2025, the major components of IPA Repowering were the ongoing construction of the Intermountain and Adelanto Converter Stations, the synchronous condenser conversion and the final construction and testing of the new generating Units 3 and 4.

The 2026 increase in cash, cash equivalents, and investments, combined current and restricted of $32 million is primarily due to an increase $73 million received from certain purchasers to prefund decommissioning and hydrogen betterments offset by a $21 million increase in bond interest payments associated with a full year of payments related to the 2024 Series A and 2024 Series B Bonds, and a $9 million decrease in investment earnings. The 2025 increase in cash, cash equivalents, and investments, combined current and restricted of $105 million is primarily due to proceeds of $190 million from the issuance of the 2024 Series A (Tax-exempt) and 2024 Series B (Taxable) Power Supply Revenue Bonds for the continued construction associated with IPA Repowering which were deposited in the Construction Fund and Debt Service Fund. Also, $496 million in payments-in-aid of construction received from Southern California Public Power Authority (SCPPA) for renewal costs associated with the Southern Transmission System (STS), an increase of $225 million in power sales revenue received due to higher participant demand, and the receipt of $103 million from certain purchasers to prefund future decommissioning and hydrogen betterments. These were offset by $826 million in current year expenditures, primarily for the renewal project, a $140 million increase in operating expenditures, a $31 million increase in bond interest paid associated with the issuance of the 2024 Series A and 2024 Series B Bonds, and a $10 million decrease in investment earnings.

The 2026 decrease of $34 million in other assets was primarily due to a $30 million decrease in fuel inventory associated with the cessation of coal operations, a $20 million decrease in other assets as certain renewal costs recorded as prepaid expenses in the prior year were expensed and a $2 million decrease in prepaid personnel contract service costs for certain employee pensions and postretirement benefits offset by a $12 million increase in receivable from participants for budgeted billings for Series K subordinated notes coupled with higher variable power billings due at year end and a $6 million increase in materials and supplies. The 2025 decrease of $41 million in other assets was primarily due to a $48 million decrease in fuel inventory resulting from increased plant operation, a $12 million decrease in prepaid personnel service contract costs for certain employee pensions and postretirement benefits, a $3 million decrease in interest receivable and a $2 million decrease in material and supplies. These were offset by a $23 million increase in other assets due to the prepayment of certain renewal expenses for the new generating units.

Deferred Outflows of Resources

Deferred outflows of resources primarily consist of unamortized asset retirement costs. The decrease of $12 million in 2026 was due to normal amortization. The decrease of $11 million in 2025 was due to normal amortization (See Note 8).

Liabilities

Asset retirement obligations increased by $11 million in 2026 due to inflation. Other liabilities increased by $112 million in 2026 due to a $103 million increase in accounts payable compared to the prior year as certain milestone payments for the construction of the Intermountain and Adelanto Converter Stations were due at year end and a $9 million increase in credit to participants. Asset retirement obligations increased by $8 million in 2025 due to inflation. Other liabilities decreased by $11 million in 2025 due to $99 million decrease accounts payable compared to the prior year as Renewal Construction activity neared completion for Unit 3 and Unit 4, offset by an $84 million increase in credit to participants and a $4 million increase in interest payable due to the issuance of the 2024 A Series (Tax-exempt) and the 2024 Series B (Taxable) bonds during the year.

Deferred Inflows of Resources

At June 30, 2026 and 2025, total accumulated Project costs billed to participants exceeded accumulated U.S. GAAP expenses. Accordingly, the excess of such billings is reported as a deferred inflow, net costs billed to participants not yet expensed at June 30, 2026 and 2025. The resulting changes in net costs billed to participants not yet expensed are outlined in Note 4. During 2026 and 2025, $73 million and $103 million, respectively, was collected from certain purchasers to prefund anticipated decommissioning and hydrogen expenditures. Subsequent to the end of fiscal year 2026, due to the delayed decommissioning of the coal assets, LADWP requested the return of the portion of its prefundings related to decommissioning. LADWP acknowledges and

confirms that it remains responsible for decommissioning the coal assets. On July 23, 2026, IPA returned to LADWP $167 million, plus interest earned. The remaining hydrogen pre-fundings are recorded as deferred inflows of resources and will be recognized as revenue as the related expenditures become billable as monthly power costs in future years.

Revenues, Expenses, and Changes in Net Position

Net operating revenues increased by $77 million in 2026 and $140 million in 2025, respectively. The increase in 2026 is primarily due to the start of Unit 3 and Unit 4 operations. The initial bond maturities for renewal project debt of $55 million due on July 1, 2026 became billable as monthly power costs. The increase in 2025 is due to an increase in scheduled power compared to the prior year. As conversion to the new gas units neared, generation increased in an attempt to fully utilize previously purchased coal inventory (see additional discussion in the Project Repowering section of Management's Discussion and Analysis).

Fuel expense decreased by $75 million in 2026 and increased by $100 million in 2025. The decrease in 2026 is primarily due to the closure of the coal units in November coupled with the lower cost of natural gas compared to coal. The increase in 2025 is primarily due to a 66% increase in net capacity factor caused by the increase of scheduled power demands. Other operating expenses decreased by $112 million in 2026 due to lower costs for operation and maintenance for the renewal gas units compared to the coal units and lower depreciation expense as the coal units had been fully depreciated as of June 30, 2025 and the renewal gas units only being depreciated for half of the year ended June 30, 2026. Other operating expenses increased by $23 million in 2025 primarily due to the increase in net generation.

Non-operating expenses increased by $27 million in 2026 and $22 million in 2025. The 2026 increase is due to a $14 million increase in bond interest expense net of bond premium amortization associated with a full year of interest and amortization on the 2024 Series A and 2024 Series B bonds, a $9 million decrease in earnings due to lower rates compared to the prior year, and a $3 million decrease in non-operating revenue. The 2025 increase is due to a $15 million increase in bond interest expense associated with the issuance of the 2024 Series A and 2024 Series B Bonds and a $10 million decrease in earnings due to lower investment rates compared to the prior year offset by a $3 million increase in bond premium amortization also associated with the issuance of the 2024 Series A and 2024 Series B Bonds. Other non-operating income increased by $2 million in 2025 due to a portion of hydrogen prefundings, recorded as deferred inflows of resources in prior years, recognized as revenue in the current year to match initial hydrogen expenditures. Changes in net position are zero because IPA is completely debt financed and the Contracts contain no provision for profit.

Significant Capital Asset and Long-Term Financing Activity

On November 15, 2024, $175 million of Power Supply Revenue Bonds in the 2024 Series A (Tax-exempt) and the 2024 Series B (Taxable) were issued to provide a portion of the funds required to finance certain costs of the acquisition and construction of Project Repowering. The bonds were issued at a premium of $15 million which will be amortized over the life of the bonds. The bonds will be paid over 20 years, commencing with the first principal payment on July 1, 2026. At June 30, 2026 and 2025, the total long-term debt outstanding was $1,807,650,000.

During 2026, principal and interest payments associated with these bonds became billable as part of monthly power costs as defined in the Contracts. Accordingly, IPA collected in power billings $55 million for bond principal and $91 million for bond interest. The bond principal was paid on July 1, 2026, and was recorded as a current liability as of June 30, 2026. The bond interest was paid in equal semi-annual installments on January 1, 2026, and July 1, 2026, with $45 million recorded as a current liability as of June 30, 2026.

Moody's rates IPA's bonds at Aa3, while Fitch rates them AA-. All ratings remain unchanged from the prior year.

Currently Known Facts, Decisions, or Conditions

Comparison of Budget to Actual

The Contracts require IPA to prepare and submit to the Purchasers a proposed Annual Budget at least 240 days prior to the beginning of each Power Supply Year. The Annual Budget incorporates the operating budget and includes a provision for the payment of capital improvements (Renewals and Replacements), which are not to be financed with bond proceeds, for the Power Supply Year. Purchasers may submit to IPA any matters or suggestions related to the proposed budget. IPA must adopt the Annual Budget not less than 30 nor more than 45 days prior to the beginning of the Power Supply Year. The Annual Budget for the year ended June 30, 2026 was adopted on May 19, 2025.

In accordance with the Contracts, IPA bills one-twelfth of the budgeted minimum costs to the Purchasers each month. Variable costs are billed one month in arrears based on actual energy delivered. On or before 120 days after the end of each Power Supply Year, IPA must submit to the Purchasers a statement of the actual power costs and a calculation of any credit due for budgeted billings in excess of actual power costs. The following table summarizes the budgeted billings, actual costs and the credit due to participants for the year ended June 30, 2026 (in thousands):

	Amount Billed	Actual Cost	(Over) Under
Net debt service	$ 170,631	$ 156,530	$ (14,101)
Operations	53,205	56,339	3,134
Maintenance	36,827	48,798	11,971
Renewals & replacements	22,366	17,778	(4,588)
Indirect labor	39,906	12,661	(27,245)
Taxes	28,051	21,388	(6,663)
Risk management	5,250	4,277	(973)
Administrative & general	17,213	14,877	(2,336)
Fuel	219,695	125,380	(94,315)
Total	$ 593,144	$ 458,028	(135,116)
Financed Coal Inventory Reserve [(1)]			30,842
Credit to participants			$ (104,274)

(1) Distributed on July 1, 2026 in accordance with a resolution by the IPA Board of Directors

The overbilling of $104,274,000 is recorded in the financial statements as a credit to participants and will be applied against Purchasers monthly power billings in October 2026 in accordance with the Contracts. The Annual Budget for the year ended June 30, 2026 was prepared and approved with the assumption that the coal units would not be in operation and the renewal gas units would be in operation for the entire year. Delays in construction and testing pushed the start of operation of the renewal gas Unit 3 and Unit 4 to October 10, 2025, and December 9, 2025, respectively. These delays, coupled with unexpected summer demand for power, created the necessity to keep the coal units in operation from July 1, 2025 through November 26, 2025. These factors created significant variances between budgeted and actual costs for operations, maintenance and fixed and variable fuel.

Electric Industry Legislation and Regulation

California has enacted legislation prohibiting its municipally owned electric utilities from entering into new long-term financial commitments for base load generation that do not meet certain greenhouse gases emissions performance standards. During August 2018, the California Legislature passed legislation stating California policy that eligible renewable energy resources and zero-carbon resources supply 100% of retail sales of electricity to California end-use customers by December 31, 2045. These and other environmental regulation issues are discussed in Note 11 to the financial statements.

Utah Legislation

During its 2023 and 2024 sessions, HB425 and SB161, respectively were passed by the Utah State Legislature and subsequently signed into law. HB425 requires IPA to provide at least 180 days advance notice to the Legislative Management Committee of decommissioning or disposal of the IPP coal units or facilities essential to the generation of electricity by the IPP coal units. SB161 requires IPA to provide the State of Utah the option to purchase for fair market value a coal unit and related assets intended for decommissioning, with the option remaining open for at least two years, beginning July 2, 2025. IPA has granted such option.

During its 2025 session, HB70 was passed by the Utah State Legislature and subsequently signed into law. HB70 requires IPA to maintain indefinitely, 1) power to station service for both of the coal units, 2) an ongoing connection of one of its coal units to the switchyard and 3) interconnection and switchyard facilities that will allow the remaining coal unit to be interconnected with the switchyard without the need for a new interconnection request. HB70 also created the Utah Energy Council for, among other purposes, the purpose of taking title to one or both coal units and assuming operational responsibility for each coal unit acquired from IPA. These state laws also addressed the Utah Department of Environmental Quality (DEQ) permitting future operation of the IPP coal units under the state air permitting rules. The state's efforts to preserve the coal units for future operations has resulted in additional costs to IPA.

On July 31, 2026, with approval from the Utah Energy Council, IPA issued a Request for Proposal (RFP) for the sale of the coal units. The RFP closed on September 15, 2026. IPA is currently evaluating the proposals received. The gross historical cost of the coal units in the financial statements as of June 30, 2026 was $2,853,136,000 which has been fully depreciated.

Alternative Air Permit

Pursuant to the Utah legislation discussed above, in 2025, IPA submitted an application for an amendment to IPA's then-existing permit (the "Alternative Air Permit") for the construction of the natural gas-fired combined cycle power blocks and related facilities and properties. The permit amendment application sought to allow for the operation of IPA's coal units after the gas units commence commercial operation with an effective capacity factor of 100% for the gas units and 57% for both coal units. The application provided that until IPA or its assignee elects to resume operation of the coal units under the amended permit, the existing permit, including the requirement that the coal units cease operation and be placed in maintenance status, would remain in effect during the period that ends upon the earlier of when IPA sells the coal units, or both (i) the resolution of all administrative and judicial challenges to the amended permit and (ii) the expiration of the applicable limitations period to file such challenges

On October 3, 2025 the Utah Department of Air Quality (UDAQ) issued the Alternative Air Permit. On October 31, 2025, the Sierra Club and Healthy Environment Alliance of Utah filed an administrative appeal before DEQ challenging the issuance of the Alternative Air Permit. IPA is party to the appeal proceedings by operation of law, and, along with UDAQ, is defending the issuance of the Alternative Air Permit. The appeal requests that the permit be vacated or, at a minimum, remanded to UDAQ for a new round of permitting involving both the coal units and the gas units.

The appeal is currently pending before an administrative law judge (ALJ) as a permit review special adjudicative proceeding. Briefing on the matter was completed on April 17, 2026, and oral argument was held on June 11, 2026. On September 15, 2026, the ALJ indicated that he would issue a proposed order for consideration by the Commissioner of UDAQ on October 23, 2026. The parties will have ten business days from the date of service of the proposed order to submit comments to the proposed order and an additional five business days from the date of service of such comments to respond to other parties' comments. The Commissioner does not have a time limit for responding to the proposed order (which response may consist of adopting, adopting with modifications, or rejecting the ALJ's proposed order or returning the ALJ's proposed order to the ALJ for further action). A decision by the Commissioner may be appealed to the Utah state courts.

Project Repowering

Once the Renewal Contracts became effective, Gas Repowering of the Project construction began. On September 24, 2018, IPA and the Purchasers approved changes to the repowering that constituted an Alternative Repowering under the Second Amendatory Power Sales Contracts. The Alternative Repowering is described to include the construction and installation of two combined-cycle natural gas fired power blocks, each block consisting of one gas turbine, a heat recovery steam generator train and a single steam turbine, with an approximate combined net generation capability of 840 MW.

On February 14, 2020, IPA awarded Mitsubishi Hitachi Power Systems a contract for two M501JAC power trains for the renewal project gas turbines. The turbines will be commercially guaranteed capable of using a mix of 30% hydrogen and 70% natural gas at start-up in 2025. This mixture is expected to reduce carbon emissions by more than 75% compared to the retiring coal-fueled technology.

The costs of the hydrogen facilities are being funded by the Purchasers to the extent such elect to facilitate the development of such facilities. The hydrogen facilities refer to (i) the hydrogen betterments being made to the IPP natural gas units to reduce the cost of future upgrades to the units for the purpose of using higher proportions, up to 100% of hydrogen to fuel the units, and (ii) the hydrogen conversion and storage capacity being developed by a third party at IPA's cost to convert renewable energy delivered by IPP purchasers into hydrogen that will be stored by the third party and then purchased by IPA for sale to such purchasers for use in the IPP natural gas units. The costs of the hydrogen betterments are being funded, and some of the initial costs of the hydrogen production and storage capacity have been funded, by payments to a Hydrogen Betterments Fund established by and funded pursuant to resolutions adopted by the IPP Coordinating Committee, the Renewal Contract Coordinating Committee established pursuant to the Renewal Power Sales Contracts and IPA. LADWP, Burbank and Glendale are the only Purchasers that have elected to make payments to the Hydrogen Betterment Fund. IPA bills those purchasers for such payments on a monthly basis. In addition, on March 3, 2022, the IPP Coordinating Committee, the Renewal Contract Coordinating Committee and IPA approved a Hydrogen Billing Procedure that provides for LADWP and any other Purchaser that elects to become a Hydrogen Purchaser (as defined in the Hydrogen Billing Procedure) to pay all of the costs incurred by IPA with respect to hydrogen that are not funded through the Hydrogen Betterment Fund (such costs to be paid by a Hydrogen Purchaser including fixed cost for Hydrogen Conversion and Storage Capacity and the variable costs of the hydrogen conversion and storage services). The costs for the Hydrogen Conversion and Storage Capacity and the variable costs for the use of such are estimated to be approximately $3,300,000,000 during the term of the contracts providing for such capacity and services, which is expected to be approximately 30 years. The costs addressed under the Hydrogen Billing Procedure represent costs that are not included in Monthly Power Costs (as defined in the Power Sales Contracts). The Hydrogen Billing Procedure provides for a reserve of $60,000,000, all of which has been funded as of June 30, 2026. The Hydrogen Billing Procedure provides that the Hydrogen Purchasers will procure their hydrogen fuel from IPA and that IPA may condition such procurement on the execution of a fuel procurement contact between IPA and each Hydrogen Purchaser which fuel procurement contracts would require approval of the Hydrogen Purchasers' respective governing bodies. The obligations associated with the Hydrogen Facilities are discussed in Note 11 to the financial statements

IPA and the Coordinating Committee have also approved a capital improvement plan for the STS consisting of the replacement, renewal, and expansion of AC switchyards, reactive power equipment and associated facilities at

the Adelanto Converter Station and the Intermountain Converter Station (STS Renewal Project). The cost of acquisition and construction will be funded through payments-in-aid of construction to be made by the Southern California Public Power Authority (SCPPA).

During 2025, IPA declared substantial completion of the Intermountain Switchyard, the first component of the repowering to be completed. The amount placed into service for the Intermountain Switchyard was $104,000,000, which had been recorded as construction work in progress.

During 2026, an additional $2,000,000 was placed in service for remaining construction costs that had been recorded as construction work in progress. Also, during 2026, IPA declared substantial completion of the renewal gas units (Unit 3 and Unit 4). Unit 3 and Unit 4 were placed into service on October 10, 2025 and December 9, 2025, respectively. The amount placed into service for Unit 3 and Unit 4 was $1,619,567,000. Substantial completion of the Adelanto and Intermountain Converter Stations is currently anticipated for March 2028.

* * * * * *

INTERMOUNTAIN POWER AGENCY

STATEMENTS OF NET POSITION
JUNE 30, 2026 AND 2025 (IN THOUSANDS)

ASSETS	2026	2025
UTILITY PLANT:		
Electric plant in service	$ 5,079,504	$ 4,714,410
Less accumulated depreciation	(2,913,835)	(2,900,057)
Net	2,165,669	1,814,353
RESTRICTED ASSETS:		
Cash and cash equivalents	441,261	242,325
Investments	440,667	687,973
Interest receivable	2,977	3,659
Total	884,905	933,957
OTHER NON-CURRENT ASSETS		
Prepaid personnel services contract costs	38,186	39,964
Other	4,840	3,987
Total	43,026	43,951
Total Non-Current Assets	3,093,600	2,792,261
CURRENT ASSETS:		
Cash and cash equivalents	70,949	52,246
Investments	242,662	181,429
Interest receivable	1,408	1,077
Receivable from participants	11,731	-
Fuel inventories	1,769	31,506
Materials and supplies	18,972	13,367
Other	6,456	26,894
Total Current Assets	353,947	306,519
Total Assets	3,447,547	3,098,780
DEFERRED OUTFLOWS OF RESOURCES:		
Unamortized asset retirement costs	33,938	45,451
Other	1,458	1,942
Total Deferred Outflows of Resources	35,396	47,393
TOTAL ASSETS AND DEFERRRED OUTFLOWS OF RESOURCES	$ 3,482,943	$ 3,146,173

See notes to financial statements.

(Continued)

INTERMOUNTAIN POWER AGENCY

STATEMENTS OF NET POSITION
JUNE 30, 2026 AND 2025 (IN THOUSANDS)

LIABILITIES	2026	2025
LONG-TERM PORTION OF BONDS PAYABLE - Net	$ 1,896,748	$ 1,966,591
LONG TERM PORTION OF SUBORDINATED NOTES PAYABLE	761	-
ADVANCES FROM SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY	10,930	10,930
OTHER NON-CURRENT LIABILITIES:		
Asset retirement obligations	331,574	320,361
Other	318	463
Total	331,892	320,824
CURRENT LIABILITIES:		
Current maturities of bonds payable	54,905	-
Current maturities of subordinated notes payable	9,127	-
Interest payable	45,276	45,276
Accrued credit to participants	103,797	94,668
Accounts payable and accrued liabilities	306,797	204,120
Total Current Liabilities	519,902	344,064
COMMITMENTS AND CONTINGENT LIABILITIES (See Note 11)	-	-
Total Liabilities	2,760,233	2,642,409
DEFERRED INFLOWS OF RESOURCES		
Net costs billed to participants not yet expensed	211,294	95,367
Prefunding of decommissioning and hydrogen betterments	507,484	404,303
Other	3,932	4,094
Total Deferred Inflows of Resources	722,710	503,764
TOTAL LIABILITIES AND DEFERRRED INFLOWS OF RESOURCES	$ 3,482,943	$ 3,146,173

See notes to financial statements.

(Concluded)

INTERMOUNTAIN POWER AGENCY

STATEMENTS OF REVENUES AND EXPENSES, AND CHANGES IN NET POSITION FOR THE YEARS ENDED JUNE 30, 2026 AND 2025 (IN THOUSANDS)

	2026	2025
OPERATING REVENUES:		
Power sales to participants	$ 625,606	$ 539,429
Less credit to participants	(104,274)	(94,668)
Net revenues	521,332	444,761
OPERATING EXPENSES:		
Fuel	169,186	243,930
Operation	89,100	126,242
Maintenance	36,631	41,911
Depreciation and amortization	38,427	116,514
Taxes and payments in lieu of taxes	24,986	16,391
Total expenses	358,330	544,988
OPERATING INCOME (LOSS)	163,002	(100,227)
NON-OPERATING REVENUES (EXPENSES):		
Non-operating revenue	1,708	4,626
Interest on bonds and subordinated notes, and other debt	(108,601)	(92,169)
Amortization of bond premium (net of financing expenses)	14,592	12,348
Earnings on investments, net	45,226	54,578
Total Non-operating revenues (expenses)	(47,075)	(20,617)
NET COSTS BILLED TO PARTICIPANTS NOT YET EXPENSED	115,927	(120,844)
CHANGE IN NET POSITION	$ -	$ -

See notes to financial statements.

INTERMOUNTAIN POWER AGENCY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025 (IN THOUSANDS)

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from billings to participants	$ 631,799	$ 630,669
Other cash receipts	1,708	4,626
Cash paid to suppliers	(294,374)	(359,372)
Net cash provided by operating activites	339,133	275,923
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	-	190,426
Debt issuance costs	-	(1,388)
Principal paid on long-term debt	-	-
Interest paid on long-term debt	(108,601)	(87,780)
Additions to electric plant in service	(650,450)	(825,772)
Payments in aid of construction	405,906	496,389
Net cash used in capital and related financing activites	(353,145)	(228,125)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(1,063,302)	(1,027,607)
Proceeds from sales/maturities of investments	1,256,508	1,053,683
Interest earnings received on investments	38,445	37,534
Net cash provided by investing activities	231,651	63,610
NET INCREASE IN CASH AND CASH EQUIVALENTS	217,639	111,408
CASH AND CASH EQUIVALENTS:		
Beginning balance	294,571	183,163
Ending balance	$ 512,210	$ 294,571

See notes to financial statements.

(Continued)

INTERMOUNTAIN POWER AGENCY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025 (IN THOUSANDS)

	2026	2025
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	$ 163,005	$ (100,227)
Other non-operating income	1,708	4,626
Depreciation and amortization	38,427	116,514
Amortization of bond premium (net of financing expenses)	(346)	(378)
Changes in operating assets and liabilities:		
Receivable from participants	(1,843)	-
Fuel inventories	29,737	47,513
Materials and supplies	(5,605)	1,701
Other current assets	20,438	(23,384)
Prepaid personel services contract costs	1,778	12,043
Other liabilities	(145)	(956)
Accounts payable and accrued liabilities	(19,797)	32,163
Accrued credit to participants	9,129	84,605
Other assets	(853)	(57)
Deferred outflows of resources	484	620
Deferred inflows of resources	103,019	101,140
NET CASH PROVIDED BY OPERATING ACTIVITIES:	$ 339,136	$ 275,923
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		

Accounts payable and accrued liabilities included $168,578 and $46,104 at June 30, 2026 and 2025, respectively, of accruals for additions to electric plant in service.

See notes to financial statements.

(Concluded)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose—Intermountain Power Agency (IPA), a separate legal entity and political subdivision of the State of Utah, was formed in 1977 by an Organization Agreement pursuant to the provisions of the Utah Interlocal Co-operation Act. IPA's membership consists of 23 municipalities which are suppliers of electric energy in the State of Utah. IPA's purpose is to own, acquire, construct, finance, operate, maintain, repair, administer, manage and control facilities to generate electricity located in Millard County, Utah and transmission systems through portions of Utah, Nevada and California (the "Project"). The operation and maintenance, along with construction of certain capital improvements of the Project are managed for IPA by the Department of Water and Power of the City of Los Angeles (LADWP) in its capacity as Operating Agent and Project Manager, respectively, pursuant to agreements. LADWP has also contracted to purchase a portion of the electric energy generated from the Project (see Note 10). Personnel at the generating plant are employed by Intermountain Power Service Corporation (IPSC), a separate legal non-governmental entity. IPSC is not a component unit of IPA. However, under a Personnel Services Contract ("PSC") between IPA and IPSC, IPA is required to pay all costs incurred by IPSC, including employee pensions and other postretirement benefits offered by IPSC to its employees. IPA's contractual rights and obligations under the PSC for IPSC's employee pensions and other postretirement benefits resulted in non-current assets of approximately $38,186,000 and $39,964,000 as of June 30, 2026 and 2025, respectively, as reported in the accompanying statements of net position. For the years ended June 30, 2026 and 2025, the accompanying statements of revenues, expenses, and changes in net position includes an expense of approximately $1,778,000 and $12,043,000, respectively, within operation expense related to changes in these reported contractual amounts.

Use of Estimates in Preparing Financial Statements—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Accounting—IPA maintains its records substantially in accordance with the Federal Energy Regulatory Commission Uniform System of Accounts, as required by its Contracts (see Note 10), and in conformity with U.S. GAAP. IPA applies all of the pronouncements of the Governmental Accounting Standards Board (GASB).

Utility Plant—Electric plant in service is stated at cost, which represents the actual direct cost of labor, materials, and indirect costs, including interest and other overhead expenses, net of related income during the construction period. Depreciation of electric plant in service is computed using the straight-line method over the estimated useful lives of the assets which range from five to 50 years.

Payments-in-Aid of Construction—IPA and the Southern California Public Power Authority (SCPPA), which is comprised of certain California Purchasers (see Note 7), have entered into the Southern Transmission System Agreement, as amended, ("STS Agreement") whereby SCPPA has made payments-in-aid of construction accumulating to approximately $2,179,646,000 and $1,775,332,000 as of June 30, 2026 and 2025, respectively, to IPA for costs associated with the acquisition, construction and improvements of the Southern Transmission System of the Project ("STS"). Such payments-in-aid are recorded as reductions to

utility plant. IPA has also entered into interconnection agreements with other entities that have made additional payments-in-aid of construction accumulating to approximately $3,629,000 and $2,037,000 as of June 30, 2026 and 2025, respectively.

Cash and Cash Equivalents—IPA considers short-term investments with an original maturity of three months or less to be cash equivalents. As more fully discussed in Note 5, the IPA Bond Resolution required the establishment of certain funds and prescribes the use of monies in these funds. Accordingly, the assets held in certain of these funds are classified as restricted in the accompanying statements of net position. Such restricted amounts are considered cash equivalents for purposes of the statements of cash flows.

Investments—The IPA Bond Resolution, as amended, stipulates IPA may invest in any securities, obligations or investments that are permitted by Utah Law. Investments are held by IPA as beneficial owner in book-entry form. Management believes there were no investments held by IPA during the years ended June 30, 2026 and 2025 that were in violation of the requirements of the IPA Bond Resolution.

Investments are stated at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets in the statements of net position and as earnings on investments in the statements of revenues, expenses, and changes in net position.

Fuel Inventories, Materials and Supplies—Fuel inventories for the Project have historically included coal and fuel oil necessary for operation of the coal units. The coal units ceased operation in November 2025. The remaining fuel oil inventory of $1,002,000 was written off as obsolete. The current coal inventory balance of $1,769,000 will be marketed and sold, at which time any remaining balance will be written off. Materials and supplies are stated at average cost, and the carrying value is written down for estimated excess and obsolete inventory.

Unamortized Bond Premium and Discount and Refunding Charge on Defeasance of Debt – Unamortized premium and discount related to the issuance of bonds and the unamortized refunding charge related to the refunding of certain bonds are deferred and amortized using the interest method over the terms of the respective bond issues. Bonds payable have been reported net of the unamortized bond premium and discount in the accompanying statements of net position.

Net Costs Billed to Participants Not Yet Expensed—Billings to participants are designed to recover power costs as set forth by the Power Sales Contracts (see Note 9), which principally include current operating expenses, scheduled debt principal and interest, and deposits into certain funds. Pursuant to GASB Statement No. 62 related to regulated operations, net costs billed to participants not yet expensed in accordance with U.S. GAAP or expenses recognized but not currently billable under the Contracts are recorded as net costs billed to participants not yet expensed (a deferred inflow) or deferred as net costs to be recovered from future billings to participants (an asset), respectively, in the statements of net position. In future periods, the deferred inflow will be settled, or the asset will be recovered as the associated expenses are recognized in accordance with U.S. GAAP or when they become billable Project costs in future participant billings, respectively. At June 30, 2026 and 2025, total accumulated Project costs billed to participants to date exceeded accumulated U.S. GAAP expenses, resulting in a deferred inflow, net costs billed to participants not yet expensed (see Note 4). Over the life of the Power Sales Contracts, aggregate U.S. GAAP expenses will equal aggregate billable power costs.

California has enacted legislation prohibiting its municipally owned electric utilities from entering into new long-term financial commitments for base-load generation that do not meet certain greenhouse gases emissions performance standards. During August 2018, the California Legislature passed legislation stating California policy that eligible renewable energy resources and zero-carbon resources supply 100% of retail sales of electricity to California end-use customers by December 31, 2045. The Environmental Protection Agency (EPA) has also proposed regulation of certain greenhouse gases emissions. Future federal and state legislative and regulatory action may also result from the increasing national and international attention to

climate change. Legislative and regulatory actions, both nationally and in California, have had and may yet have significant (yet hard to quantify) effects on IPA and the Purchasers (see Note 11). If these effects, which are not currently determinable, were to cause the Purchasers to be unable to meet their future power sales contract payment obligations, IPA may then be required to remove assets and liabilities recognized pursuant to IPA's regulated operations from the statement of net position when the related application criteria is no longer met unless those costs continue to be recoverable through a separate regulatory billing. As of June 30, 2026, costs deferred are probable of recovery through future billings.

Long-Lived Assets—IPA evaluates the carrying value of long-lived assets based upon an evaluation of indicators of impairment including evidence of physical damage, enactment or approval of laws and regulations, technological developments, changes in the manner or expected duration of use of a long-lived asset, and changes in demand. A long-lived asset that is potentially impaired is then tested to determine whether the magnitude of the decline in service utility is significant and unexpected. Measurement of the amount of impairment, if any, is based upon a restoration cost approach, service units approach, or deflated depreciated replacement cost approach, or the difference between carrying value and fair value.

Pension and Other Postretirement Obligations—IPA sponsors a defined benefit pension plan and a postretirement medical plan that are accounted for pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, and GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, respectively. No disclosures related to these plans are presented herein because amounts are not significant to the financial statements.

Asset Retirement Obligations—IPA records asset retirement obligations when the liability associated with the retirement of its tangible long-lived assets is both incurred and reasonably estimable. The determination of when the liability is incurred is based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates an entity to perform asset retirement activities. An asset retirement obligation (ARO) is measured based on the best estimate of the current value of outlays expected to be incurred, including probability weighting of potential outcomes, with a deferred outflow of resources recognized at the amount of the corresponding liability upon initial measurement. The current value of an ARO is adjusted for the effects of general inflation or deflation at least annually. All relevant factors are evaluated at least annually to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays. The deferred outflows of resources of asset retirement costs are amortized over the estimated useful life of the tangible capital assets. See Note 8 for additional information on IPA's asset retirement obligations.

Recently Adopted Accounting Pronouncements—In April 2024, the GASB issued Statement No. 103, Financial Reporting Model Improvements. The statement updates the information and topics required to be presented in management's discussion and analysis that precedes the financial statements; and the presentation of unusual or infrequent items, operating and nonoperating revenues and expenses, major component unit information, and budgetary comparison information. This statement is effective for financial statements for years beginning after June 15, 2025. IPA adopted this statement effective July 1, 2025 and the accounting changes adopted to conform to the provisions of this statement were applied retroactively by restating the financial statements for the prior year presented and with additional information presented in the management discussion and analysis preceding the financial statements.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Lease assets recognized in accordance with Statement No. 87 Leases, and intangible right-to-use assets in accordance with Statement No. 94 *Public-Private and Public Private Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be

separately disclosed. In addition, this statement requires intangible assets other than those three types to be disclosed separately by major class. This statement also requires additional disclosures for capital assets held for sale. This statement is effective for financial statements beginning after June 15, 2025. IPA adopted this statement effective July 1, 2025 and the accounting changes adopted to conform to the provisions of this statement are reflected in Note 2 of the financial statements with certain assets being reclassified as leased assets.

Recently Issued Accounting Pronouncements—In December 2025, the GASB issued Statement No. 105, Subsequent Events. This statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available and issued. The objective of Statement No. 105 is to improve the financial reporting requirements for subsequent events by enhancing consistency in how governments identify and report those events. This statement is effective for financial statements beginning after June 15, 2026. IPA is currently evaluating the effects of the adoption of this statement will have on the financial statements.

2. UTILITY PLANT

Utility plant activity for the years ended June 30, 2026 and 2025 is as follows (in thousands):

	July 1, 2025	Increases	Decreases	June 30, 2026
Utility plant not being depreciated:				
Construction work-in-progress	$ 2,466,525	$ 747,809	$ (1,669,218)	$ 1,545,116
Land and land rights	113,823	-	-	113,823
Total	2,580,348	747,809	(1,669,218)	1,658,939
Utility plant being depreciated/amortized:				
Production	2,853,136	1,656,564	(909)	4,508,791
Transmission	968,731	13,398	(154)	981,975
Payments-in-aid of construction - transmission	(1,777,370)	(405,906)	-	(2,183,276)
General	60,197	6,189	(861)	65,525
Leased asset -hydrogen energy storage facilities	29,367	18,183	-	47,550
Total	2,134,061	1,288,428	(1,924)	3,420,565
Accumulated depreciation:				
Production	(2,853,136)	(27,787)	909	(2,880,014)
Transmission	(711,062)	(4,067)	154	(714,975)
Payments-in-aid of construction - transmission	710,900	29,722	-	740,622
General	(46,758)	(13,571)	861	(59,468)
Leased asset -hydrogen energy storage facilities	-	-	-	-
Total accumulated depreciation	(2,900,056)	(15,703)	1,924	(2,913,835)
Utility Plant, Net	$ 1,814,353	$ 2,020,534	$ (1,669,218)	$ 2,165,669

	July 1, 2024	Increases	Decreases	June 30, 2025
Utility plant not being depreciated:				
Construction work-in-progress	$ 1,897,495	$ 676,609	$ (107,579)	$ 2,466,525
Land and land rights	113,823	-	-	113,823
Total	2,011,318	676,609	(107,579)	2,580,348
Utility plant being depreciated/amortized:				
Production	2,852,274	1,317	(455)	2,853,136
Transmission	863,767	108,107	(3,143)	968,731
Payments-in-aid of construction - transmission	(1,280,981)	(496,389)	-	(1,777,370)
General	59,488	773	(64)	60,197
Leased asset -hydrogen energy storage facilities	13,757	15,610	-	29,367
Total	2,508,305	(370,582)	(3,662)	2,134,061
Accumulated depreciation:				
Production	(2,741,645)	(111,946)	455	(2,853,136)
Transmission	(713,634)	(571)	3,143	(711,062)
Payments-in-aid of construction - transmission	684,046	26,854	-	710,900
General	(34,486)	(12,336)	64	(46,758)
Leased asset -hydrogen energy storage facilities	-	-	-	-
Total accumulated depreciation	(2,805,719)	(97,999)	3,662	(2,900,056)
Utility Plant, Net	$ 1,713,904	$ 208,028	$ (107,579)	$ 1,814,353

The information as of and for the year ended June 30, 2025, was restated to conform to the requirements of GASB No. 104, *Disclosure of Certain Capital Assets*.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments consist of the following at June 30, 2026 and 2025 (in thousands):

	2026		2025	
	Fair Value	Weighted Average Remaining Maturity	Fair Value	Weighted Average Remaining Maturity
Cash and Cash Equivalents:				
Restricted:				
Short-term investments	$ -		$ 35,881	90 days or less
Money market funds	247,027	1 day or less	151,900	1 day or less
Cash	194,234	1 day or less	54,544	1 day or less
Total Restricted	441,261		242,325	
Current:				
Money market funds	64,300	1 day or less	34,800	1 day or less
U.S. Treasuries	-		11,999	1 day or less
Cash	6,649	1 day or less	5,447	1 day or less
Total Current	70,949		52,246	
Total Cash and Cash Equivalents	$ 512,210		$ 294,571	
Investments:				
Restricted:				
U.S. Treasuries	$ 56,198	1.92 years	$ 220,415	1.08 years
U.S. Agencies	109,252	0.17 years	164,021	0.53 years
Commercial paper	-		14,841	0.24 years
Corporate bonds	275,217	0.52 years	288,696	0.60 years
Total Restricted	440,667		687,973	
Current:				
U.S. Treasuries	4,919	2.48 years	4,962	0.38 years
U.S. Agencies	58,963	2.10 years	23,698	0.82 years
Commercial paper	3,989	0.08 years	11,862	0.27 years
Corporate bonds	174,791	0.59 years	140,907	0.89 years
Total Current	242,662		181,429	
Total Investments	$ 683,329		$ 869,402	

Investments consist entirely of U.S. Treasuries, U.S. Government Agencies, commercial paper and corporate bonds whose fair value is derived from inputs using observable market data to estimate current interest rates.

Interest Rate Risk—Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, IPA manages its exposure to interest rate risk by requiring that the remaining term to maturity of investments not exceed the date the funds will be required to meet cash obligations.

Credit Risk—Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In accordance with its investment policy, IPA manages its exposure to credit risk by limiting its investments to securities authorized for investment of public funds under the Utah Money Management Act, which requires a rating of "A" or higher or the equivalent of "A" or higher by two nationally recognized statistical rating organizations.

Custodial Credit Risk—Cash Deposits—Custodial credit risk is the risk that, in the event of a failure of the counterparty holding the funds, IPA's deposits may not be returned. IPA does not require deposits to be fully insured and collateralized. As of June 30, 2026, approximately $200,883,000 of IPA's bank balances are uninsured and uncollateralized.

Fair Value Measurements—IPA measures and records its investments using fair value measurement guidelines established by U.S. GAAP. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1—Quoted prices for identical investments in active markets;
Level 2—Observable inputs other than quoted market prices; and,
Level 3—Valuations derived from unobservable inputs.

At June 30, 2026 and 2025, IPA's fair value measurements and their levels within the fair value hierarchy were as follows (in thousands):

	2026			
	Level 1	Level 2	Level 3	Total
Investments by fair value level:				
U.S. Treasuries	$ -	$ 61,117	$ -	$ 61,117
U.S. Agencies	-	168,215	-	168,215
Commercial paper	-	3,989	-	3,989
Corporate bonds	-	450,008	-	450,008
Total investments by fair value level	$ -	$ 683,329	$ -	$ 683,329

	2025			
	Level 1	Level 2	Level 3	Total
Investments by fair value level:				
U.S. Treasuries	$ -	$ 225,377	$ -	$ 225,377
U.S. Agencies	-	187,719	-	187,719
Commercial paper	-	26,703	-	26,703
Corporate bonds	-	429,603	-	429,603
Total investments by fair value level	$ -	$ 869,402	$ -	$ 869,402

4. NET COSTS BILLED TO PARTICIPANTS NOT YET EXPENSED

Net costs (to be recovered from billings to participants) billed to participants not yet expensed for the years ended June 30, 2026 and 2025 and the accumulated totals as of June 30, 2026 and 2025, consisted of the following (in thousands):

	For the Years Ended June 30,		Accumulated Totals as of June 30,	
	2026	2025	2026	2025
Items in accordance with U.S. GAAP not billable to participants under the power sales contracts:				
Interest expense in excess of amounts billable	$ -	$ -	$ (452,454)	$ (452,454)
Depreciation and amortization expense	(38,427)	(116,514)	(3,412,496)	(3,374,069)
Amortization of bond discount and refunding on defeasance of bonds	14,938	14,114	(1,324,668)	(1,339,606)
Accretion of interest on zero coupon bonds	-	-	(349,408)	(349,408)
Charge on retired debt	-	-	(158,467)	(158,467)
Cumulative effect of a change in accounting principle	-	-	(18,241)	(18,241)
Accretion of asset retirement obligations	-	-	(26,965)	(26,965)
Unrealized (loss) gain on investments	(1,406)	4,972	(2,504)	(1,098)
Change in fair value of interest rate exchange agreements	-	-	(27,652)	(27,652)
Gain on sale of ownership interest in coal mines	-	-	4,877	4,877
Amortization of deferred fuel costs	-	-	(69,379)	(69,379)
Accrued interest earnings	-	-	(7,833)	(7,833)
Change in liabilities and other	(2,014)	125	9,464	11,478
Financed coal inventory reserve	30,842	11,031	41,873	11,031
Renewal project earnings	28,634	43,523	148,114	119,480
Renewal project interest expense		(88,676)	(211,210)	(211,210)
Amounts billed to participants under the bond resolution and the power sales contracts:				
Bond and subordinated note principal	64,033	-	5,105,790	5,041,757
Deferred fuel costs	-	-	32,228	32,228
Capital improvements	17,778	9,523	632,401	614,623
Reduction of required fund deposits	1,549	1,058	6,348	4,799
Cash received from sale of assets	-	-	(18,904)	(18,904)
Participant funds expended for debt reduction, refinancing and/or other financing costs	-	-	310,380	310,380
Net costs (to be recovered from billings to participants) billed to participants not yet expensed	$ 115,927	$ (120,844)	$ 211,294	$ 95,367

5. BONDS PAYABLE

To finance the construction of the Project, IPA sold Revenue Bonds (the "Senior Bonds") pursuant to IPA's Amended and Restated Power Supply Revenue Bond Resolution adopted September 28, 1978, as amended and supplemented (the "Bond Resolution"). As of June 30, 2026 and 2025, for the Senior Bonds the principal amount consisted of the following (in thousands):

Series	Bonds Dated	Final Maturity on July 1	2026	2025
Senior Bonds				
2022 A	5/12/2022	2045	$ 732,755	$ 732,755
2022 B	5/12/2022	2045	64,850	64,850
2023 A	8/15/2023	2045	767,650	767,650
2023 B	8/15/2023	2045	67,395	67,395
2024 A	11/15/2024	2045	161,215	161,215
2024 B	11/15/2024	2045	13,785	13,785
Total Bonds payable			1,807,650	1,807,650
Unamortized bond premium			144,003	158,941
Current maturities of Bonds payable			(54,905)	-
Long-term portion of Bonds payable - net			$ 1,896,748	$ 1,966,591

Interest rates on the Bonds payable outstanding at June 30, 2026 and 2025 range from 3.5% to 5.6%. As of June 30, 2026 and 2025, the gross principal amount of outstanding bonds consisted of the following (in thousands):

	2026	2025
Beginning balance	$ 1,807,650	$ 1,632,650
Additions - Revenue bonds issued	-	175,000
Ending balance	$ 1,807,650	$ 1,807,650

The principal amounts of future maturities, sinking fund requirements and interest to be paid for the Bond outstanding as of June 30, 2026 are as follows (in thousands):

	Principal	Interest
Years ending June 30:		
2027	$ 54,905	$ 89,197
2028	57,615	86,417
2029	60,460	83,496
2030	63,455	80,428
2031	66,610	77,204
2030 - 2036	386,040	331,635
2037 - 2041	491,070	224,061
2042-2046	627,495	83,616
Total	$ 1,807,650	$ 1,056,054

Funds Established by the Bond Resolution—The Bond Resolution requires that certain funds be established to account for IPA's receipts and disbursements and stipulates the use of monies, investments held in such funds and balances that are to be maintained in certain of the funds. Balances in the other funds are determined by resolution of the IPA Board of Directors. Except as identified below, a summary of funds established by the Bond Resolution and the aggregate amount of assets held in these funds, including accrued interest receivable as of June 30, 2026 and 2025, is as follows (in thousands):

	2026	2025
Restricted assets:		
Debt Service Fund:		
Debt Service Account	$ 100,182	$ 45,368
Debt Service Reserve Account	142,873	143,737
Subordinated Indebtedness Fund:		
Debt Service Account	761	-
Construction Fund:		
Tax Exempt Account	138,757	290,994
Taxable Account	23	48,246
STS Account [1]	36,491	55,649
Decommissiong Fund [2]	187,474	148,855
STS Decommissiong Fund [2]	29,790	28,465
Hydrogen Fund [3]	175,162	101,982
Hydrogen Reserve [3]	68,656	65,972
Self-Insurance Fund	4,736	4,689
Total restricted assets	884,905	933,957
Revenue Fund (Note 11)	315,019	234,752
Total	$ 1,199,924	$ 1,168,709

(1) Funded by SCPPA payments-in-aid of construction

(2) Established by supplemental resolution and not subject to the pledge in favor of bondholders

(3) Established by resolution of the IPA Board of Directors and not subject to the pledge in favor of bondholders

The reconciliation of the current assets as reported in the accompanying statements of net position to the Revenue Fund at June 30, 2026 and 2025, is as follows (in thousands):

	2026	2025
Current assets reported in statements of net position:		
Cash and cash equivalents	$ 70,949	$ 52,246
Investments	242,662	181,429
Interest receivable	1,408	1,077
Revenue Fund	$ 315,019	$ 234,752

Covenants—The Bond Resolution has imposed certain covenants upon IPA which, among others, include a promise to establish rates sufficient to pay the bondholders scheduled interest and principal payments and to make such payments on a timely basis, keep proper books of record and account, and comply with certain financial reporting and auditing requirements. IPA believes that it is in compliance with all covenants as of June 30, 2026.

Defeasance of Debt—No bonds were defeased during the years ended June 30, 2026 and 2025.

6. SUBORDINATED INDEBTEDNESS NOTES PAYABLE

On May 19, 2025, the IPP Coordinating Committee approved the Eleventh Subordinated Indebtedness Note Resolution which authorized the issuance of subordinated indebtedness to be titled the Series K Notes. The Series K Notes are to be issued to purchasers under the Power Sales Contracts who are not purchasers under the Renewal Power Sales Contracts (the Exiting Purchasers). The principal amount of the note for each Exiting Purchaser is determined to be the amount of aggregate debt service of the Gas Repowering long-term financing (which has a 20 year amortization) projected to accrue through June 15, 2027 exceeds the hypothetical aggregated debt service on such Gas Repowering long-term financing that would be projected to accrue through June 15, 2027 if such Gas Repowering long-term financing consisted of long-term bonds with a 30 year amortization multiplied by the Exiting Purchaser's share of power costs. The Series K Subordinated Notes to each of the Exiting Purchasers were signed by IPA on July 28, 2025. The total principal amount of the Series K Notes is $18,255,000 with payments to be made in 24 monthly payments, the first due August 1, 2025, with the final payment due July 1, 2027. No Series K Notes shall bear or be deemed to bear interest on the principal amount. The Eleventh Subordinated Indebtedness Note Resolution imposes certain covenants upon IPA which among others, include a promise to punctually pay or cause to be paid the principal of every Series K Note at the dates and in the manner mentioned in the Series K Notes. During the year ended June 30, 2026, IPA made principal payments on Series K notes totaling $8,367,000. The remaining liability recorded as of June 30, 2026 was $9,888,000.

7. ADVANCES FROM SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

In accordance with the STS Agreement, SCPPA has funded an allocable portion of certain of IPA's reserves. Management believes that advances from SCPPA in the accompanying financial statements meet those required under and are co-terminus with the STS Agreement.

8. ASSET RETIREMENT OBLIGATIONS

IPA's transmission facilities are generally located on land that is leased from Federal and certain state governments. Upon termination of the leases, the structures, improvements and equipment are to be removed and the land is to be restored. Because these leases are expected to be renewed indefinitely and because of the inherent value of the transmission corridors, the leases have no foreseeable termination date and, therefore, IPA has no asset retirement obligations (AROs) recorded related to the transmission facilities. IPA does have certain AROs related to other long-lived assets at or near the generation station site resulting from applicable laws and regulations. These obligations are related to the reclamation of certain rights-of-way, wastewater ponds, settling ponds, landfills and other facilities that may affect ground water quality.

On August 6, 2019, the IPA Board and Intermountain Power Project (IPP) Coordinating Committee formally approved the Retirement Plan for the decommissioning and retirement of the existing facilities that are not to be used for the generation or transmission of power pursuant to the Contracts (as defined in Note 9 below) or the Renewal Contracts (as defined in Note 9 below), which created a contractual requirement to retire certain capital assets under the Contracts and the Renewal Contracts. The costs of retiring or decommissioning are to be funded through indebtedness incurred by IPA in connection with the Gas Repowering. While IPA took the existing coal units out of service in November 2025, any impact on the functionality of the units is subject to the current Utah law (see discussion on Utah legislation in Note 11 below).

As of June 30, 2026 and 2025, the current value of IPA's asset retirement obligations totaled approximately $331,574,000 and $320,361,000, respectively. The current value of AROs is estimated based on decommissioning cost studies typically performed by third-party experts. The increase in the current value of AROs of approximately $11,213,000 during the year ended June 30, 2026 is due to the effects of general inflation.

9. POWER SALES AND POWER PURCHASE CONTRACTS

IPA has sold the entire capacity of the Project pursuant to Power Sales Contracts, as amended (the "Contracts"), to 35 utilities consisting of six California municipalities ("California Purchasers"), 23 Utah municipalities ("Utah Municipal Purchasers") and six rural electrical cooperatives ("Cooperative Purchasers") (collectively, the "Purchasers"). The California Purchasers, Utah Municipal Purchasers and the Cooperative Purchasers have contracted to purchase approximately 79%, 14%, and 7%, respectively, of the capacity of the Project. The Contracts expire on June 15, 2027. As long as any of the Bonds are outstanding, the Contracts cannot be terminated nor amended in any manner which will impair or adversely affect the rights of the bondholders. Under the terms of the Contracts, the Purchasers are obligated to pay their proportionate share of all operation and maintenance expenses and debt service on the Bonds and any other debt incurred by IPA, whether or not the Project or any part thereof is operating or operable, or its output is suspended, interrupted, interfered with, reduced, or terminated. In accordance with the Contracts, billings in excess of monthly power costs, as defined, are credited to Purchasers taking power in any fiscal year (the "Participants"). IPA recorded credits to Participants in operating revenue of approximately $104,274,000 and $94,668,000 for the years ended June 30, 2026 and 2025, respectively. Such credits to Participants are applied in the subsequent year to reduce power billings in accordance with the Contracts.

As part of IPA's strategic planning initiatives, IPA and the Purchasers executed the Second Amendatory Power Sales Contracts which provide that the Project be repowered, and that IPA offer the Purchasers renewal in their generation and associated transmission entitlements through the Renewal Power Sales Contracts (the "Renewal Contracts"). IPA and 32 of the Purchasers entered into Renewal Contracts, which became effective on January 16, 2017. Two renewing California Purchasers subsequently provided a notice of termination of their Renewal Contracts to IPA effective November 1, 2019. The Renewal Contracts are currently effective but are to govern the purchase and sale of the capacity and output of the Project for the 50-year period commencing upon termination of the Contracts. The Renewal Contracts provide for the Gas Repowering of the Project.

On September 24, 2018, IPA and the Purchasers approved changes to the repowering that constituted an Alternative Repowering under the Contracts. The Alternative Repowering is described to include the construction and installation of two combined-cycle natural gas fired power blocks, each block consisting of one gas turbine, a heat recovery steam generator train and a single steam turbine, with an approximate combined net generation capability of 840 MW.

During 2025, IPA declared substantial completion of the Intermountain Switchyard, the first component of the repowering to be completed. The amount placed into service for the Intermountain Switchyard was $104,000,000, which had been recorded as construction work in progress. During 2026, and additional $2,000,000 was placed in service for remaining construction costs that had been recorded as construction work in progress. Also, during 2026, IPA declared substantial completion of the renewal gas units (Unit 3 and Unit 4). Unit 3 and Unit 4 were placed into service on October 10, 2025, and December 9, 2025, respectively. The amount placed into service for Unit 3 and Unit 4 was $1,619,567,000. Substantial completion of the Adelanto and Intermountain Converter Stations is currently anticipated for March 2028.

10. RELATED PARTY TRANSACTIONS

LADWP, as Operating Agent, performed engineering and other services for the Project totaling approximately $72,686,000 and $71,615,000 for the years ended June 30, 2026 and 2025, respectively, which has been

billed to IPA and charged to operations or utility plant, as appropriate. Operating Agent unbilled costs totaling approximately $3,383,000 and $2,613,000 are included in accounts payable at June 30, 2026 and 2025, respectively.

Power sales to LADWP for the years ended June 30, 2026 and 2025, totaled approximately $422,991,000 and $337,001,000, respectively. The receivable for power sales from LADWP at June 30, 2026 and 2025 was $1,703,000 and $0 respectively. Power sales to the City of Anaheim for the years ended June 30, 2026 and 2025, totaled approximately $77,270,000 and $73,517,000, respectively. The receivable for power sales from the City of Anaheim at June 30, 2026 and 2025 was $305,000 and $0, respectively. No other individual purchasers are over 10% of generation entitlement.

11. COMMITMENTS AND CONTINGENCIES

Coal Supply—At June 30, 2026, IPA was obligated under no short or long-term take-or-pay coal supply contracts for the purchase of coal. The actual cost of coal purchases under the coal supply contracts for the years ended June 30, 2026 and 2025, was approximately $10,779,000 and $189,759,000, respectively. Coal purchases ceased in August 2025, and no additional purchases are anticipated.

Natural Gas Supply—IPA is obligated under a contract with Kern River Gas Transmission for delivery of natural gas supply through the life of the Renewal Contracts. Under the agreement, Kern River Gas Transmission has constructed and will operate a gas pipeline which IPA has rights to access through December 31, 2045. IPA is obligated to pay each year for these rights to access. IPA has also entered into contracts for base-load gas procurement with several counterparties. The contracts provide up to 35,000 MMBtus per day and will provide natural gas from May 2025 through June 2028. The contracts for pipeline access and natural gas supply require minimum payments as follows (in thousands):

Years ending June 30:		
2027	$	76,395
2028		72,434
2029		18,141
2030		18,141
2031		18,141
Thereafter		263,111
Total	$	466,363

Hydrogen Facilities—The costs of the hydrogen facilities are being funded by the Purchasers to the extent such elect to facilitate the development of such facilities. The hydrogen facilities refer to (i) the hydrogen betterments being made to the IPP natural gas units to reduce the cost of future upgrades to the units for the purpose of using higher proportions (up to 100%) of hydrogen to fuel the units, and (ii) the hydrogen conversion and storage capacity being developed by a third party at IPA's cost to convert renewable energy delivered by IPP purchasers into hydrogen that will be stored by the third party and then purchased by IPA for sale to such purchasers for use in the IPP natural gas units. The costs of the hydrogen betterments are being funded, and some of the initial costs of the hydrogen production and storage capacity have been funded, by payments to a Hydrogen Betterments Fund established by and funded pursuant to resolutions adopted by the IPP Coordinating Committee, the Renewal Contract Coordinating Committee established pursuant to the Renewal Power Sales Contracts and IPA. LADWP, Burbank and Glendale are the only Purchasers that have elected to make payments to the Hydrogen Betterment Fund. IPA bills those purchasers for such payments on a monthly basis. In addition, on March 3, 2022, the IPP Coordinating Committee, the Renewal Contract Coordinating Committee and IPA approved a Hydrogen Billing Procedure that provides for LADWP and any other Purchaser that elects to become a Hydrogen Purchaser (as defined in the Hydrogen Billing Procedure) to pay all of the costs incurred by IPA with respect to hydrogen that are not funded through the Hydrogen Betterment Fund (such costs to be paid by a Hydrogen Purchaser including fixed cost for Hydrogen Conversion and Storage Capacity and the variable costs of the hydrogen conversion and storage

services). The costs for the Hydrogen Conversion and Storage Capacity and the variable costs for the use of such are estimated to be approximately $3,300,000,000 during the term of the contracts providing for such capacity and services, which is expected to be approximately 30 years. The costs addressed under the Hydrogen Billing Procedure represent costs that are not included in Monthly Power Costs (as defined in the Power Sales Contracts). The Hydrogen Billing Procedure provides for a reserve of $60,000,000, all of which has been funded as of June 30, 2026. The Hydrogen Billing Procedure provides that the Hydrogen Purchasers will procure their hydrogen fuel from IPA and that IPA may condition such procurement on the execution of a fuel procurement contact between IPA and each Hydrogen Purchaser which fuel procurement contracts would require approval of the Hydrogen Purchasers' respective governing bodies.

IPA has an agreement with ACES Delta for hydrogen conversion and storage capacity. The agreement provides IPA rights to storage capacity of two caverns and sole discretion regarding the quantity of electrical energy to be converted. IPA is responsible to supply the electricity and water in the conversion process and controls scheduling requests and withdrawal scheduling. Nevertheless, ACES still owns, operates, maintains, staffs, repairs, and manages the facility. In order to use the caverns as intended for hydrogen, IPA also paid for pipeline upgrades so that hydrogen could be connected to IPA's natural gas units. Although the agreement does not require specific caverns for IPA storage, specific caverns were solution mined for this purpose and they are the only caverns at the facility available for this purpose. Furthermore, the fixed costs associated with the agreement are specifically tied to the costs of the specific facility and caverns. In accordance with GASB 87, Leases, IPA has recorded these payments totaling $47,550,000 and $29,367,000 as leased assets at June 30, 2026 and 2025, respectively (See Note 2). The lease commencement date has not yet been incurred as substantial completion has not been met.

California Greenhouse Gas Initiatives—For several years, California policy makers have sought to limit greenhouse gas emissions in California. Both the Los Angeles City Council and the State of California have adopted renewable portfolio standards, which, among other things required LADWP and the other California utilities to serve 33% and 50% of their load with renewable energy by 2020 and 2030, respectively. On September 29, 2006, California Senate Bill 1368 – An Act to Impose Greenhouse Gas Performance Standards on Locally Owned Public Utilities (SB 1368) was signed into law. SB 1368 was directed specifically at limiting greenhouse gas emissions associated with electric power consumed in California by prohibiting California electric providers from entering into long-term financial commitments for base load generation unless such generation complies with greenhouse gas emission performance standards. On September 10, 2018, California Senate Bill 100 (SB 100) was signed into law. SB 100 states California policy that eligible renewable energy resources and zero-carbon resources supply 100% of retail sales of electricity to California end-use customers by December 31, 2045. SB 100 also accelerates the existing target of 50% renewable energy by 2030, to 60% renewable energy by 2030. While these and other actions by California policy makers have the potential to impact IPA and its power purchasers, IPA does not believe that any of these initiatives will render existing Power Sales Contracts between IPA and the California Purchasers void, ineffective or unenforceable.

Other Environmental Regulation—From time to time, EPA has proposed regulation of certain greenhouse gases emissions. Future federal and state legislative and regulatory action may also result from the increasing intensity of national and international attention to climate change. Federal and state actions have varied from limiting emissions of greenhouse gas emissions from electric generation sources to requiring continued operation of greenhouse gas emitting sources, each having financial impacts on the owners of such sources. Legislative and regulatory actions, both nationally and in California, have had and may yet have significant (yet hard to quantify) effects on IPA and the Purchasers.

Utah Legislation—During its 2023 and 2024 sessions, HB425 and SB161, respectively, were passed by the Utah State Legislature and subsequently signed into law. HB425 requires IPA to provide at least 180 days' advance notice to the Legislative Management Committee of decommissioning or disposal of the IPP coal units or facilities essential to the generation of electricity by the IPP coal units. SB161 requires IPA to provide the State of Utah the option to purchase for fair market value a coal unit and related assets intended for decommissioning, with the option remaining open for at least two years, beginning July 2, 2025. IPA has granted such option.

During its 2025 session, HB70 was passed by the Utah State Legislature and subsequently signed into law. HB70 requires IPA to maintain indefinitely, 1) power to station service for both of the coal units, 2) an ongoing connection of one of its coal units to the switchyard and 3) interconnection and switchyard facilities that will allow the remaining coal unit to be interconnected with the switchyard without the need for a new interconnection request. HB70 also created the Utah Energy Council for, among other purposes, the purpose of taking title to one or both coal units and assuming operational responsibility for each coal unit acquired from IPA. These state laws also addressed the Utah Department of Environmental Quality (DEQ) permitting future operation of the IPP coal units under the state air permitting rules. The state's efforts to preserve the coal units for future operations has resulted in additional costs to IPA.

On July 31, 2026, with approval from the Utah Energy Council, IPA issued a Request for Proposal (RFP) for the sale of the coal units. The RFP closed on September 15, 2026. IPA is currently evaluating the proposals received. The gross historical cost of the coal units in the financial statements as of June 30, 2026 was $2,853,136,000 which has been fully depreciated.

Alternative Air Permit—Pursuant to the Utah legislation discussed above, in 2025, IPA submitted an application for an amendment to IPA's then-existing permit (the "Alternative Air Permit") for the construction of the natural gas-fired combined cycle power blocks and related facilities and properties. The permit amendment application sought to allow for the operation of IPA's coal units after the gas units commence commercial operation with an effective capacity factor of 100% for the gas units and 57% for both coal units. The application provided that until IPA or its assignee elects to resume operation of the coal units under the amended permit, the existing permit, including the requirement that the coal units cease operation and be placed in maintenance status, would remain in effect during the period that ends upon the earlier of when IPA sells the coal units, or both (i) the resolution of all administrative and judicial challenges to the amended permit and (ii) the expiration of the applicable limitations period to file such challenges

On October 3, 2025 the Utah Department of Air Quality (UDAQ) issued the Alternative Air Permit. On October 31, 2025, the Sierra Club and Healthy Environment Alliance of Utah filed an administrative appeal before DEQ challenging the issuance of the Alternative Air Permit. IPA is party to the appeal proceedings by operation of law, and, along with UDAQ, is defending the issuance of the Alternative Air Permit. The appeal requests that the permit be vacated or, at a minimum, remanded to UDAQ for a new round of permitting involving both the coal units and the gas units.

The appeal is currently pending before an administrative law judge (ALJ) as a permit review special adjudicative proceeding. Briefing on the matter was completed on April 17, 2026, and oral argument was held on June 11, 2026. On September 15, 2026, the ALJ indicated that he would issue a proposed order for consideration by the Commissioner of UDAQ on October 23, 2026. The parties will have ten business days from the date of service of the proposed order to submit comments to the proposed order and an additional five business days from the date of service of such comments to respond to other parties' comments. The Commissioner does not have a time limit for responding to the proposed order (which response may consist of adopting, adopting with modifications, or rejecting the ALJ's proposed order or returning the ALJ's proposed order to the ALJ for further action). A decision by the Commissioner may be appealed to the Utah state courts.

* * * * * *

INTERMOUNTAIN POWER AGENCY

SUPPLEMENTAL SCHEDULES OF CHANGES IN FUNDS ESTABLISHED BY THE IPA REVENUE BOND RESOLUTION FOR THE YEARS ENDED JUNE 30, 2025 AND 2026 (IN THOUSANDS)

		Restricted Assets										
		Debt Service Fund		Construction Fund								
	Revenue Fund	Debt Service Account	Debt Service Reserve Account	Tax Exempt Construction Account	Taxable Construction Account	STS Construction Account [1]	Decommissioning Fund [2]	STS Decommissioning Fund [2]	Hydrogen Betterments Fund [3]	Hydrogen Reserve Fund [3]	Self-Insurance Fund	Total
BALANCE, JULY 1, 2024	$ 60,952	$ 130,229	$ 134,533	$ 355,715	$ 61,246	$ 34,604	$ 140,635	$ 26,937	$ 54,292	$ 62,691	$ 4,500	$ 1,066,334
ADDITIONS:												
Proceeds from issuance of Bonds	-	5,512	14,080	158,610	12,224	-	-	-	-	-	-	190,426
Billings received	630,669	-	-	-	-	-	-	-	-	-	-	630,669
Other revenues	4,626	-	-	-	-	-	-	-	-	-	-	4,626
Investment earnings	6,416	4,280	8,579	14,307	3,260	2,366	8,339	741	2,820	3,281	189	54,578
Payments-in-aid of construction	-	-	-	-	-	496,389	-	-	-	-	-	496,389
Total	641,711	9,792	22,659	172,917	15,484	498,755	8,339	741	2,820	3,281	189	1,376,688
DEDUCTIONS:												
Operating expenditures	359,372	-	-	-	-	-	-	-	-	-	-	359,372
Capital expenditures	31,896	-	-	275,964	-	478,115	80	-	39,717	-	-	825,772
Interest paid on long-term debt	4,884	82,896	-	-	-	-	-	-	-	-	-	87,780
Debt issuance costs	-	-	-	1,354	34	-	-	-	-	-	-	1,388
Total	396,152	82,896	-	277,318	34	478,115	80	-	39,717	-	-	1,274,312
TRANSFERS:												
Transfer of revenues to other Funds	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers	(71,759)	(11,757)	(13,454)	39,680	(28,450)	405	(39)	787	84,587	-	-	-
Total	(71,759)	(11,757)	(13,454)	39,680	(28,450)	405	(39)	787	84,587	-	-	-
BALANCE, JUNE 30, 2025	$ 234,752	$ 45,368	$ 143,737	$ 290,994	$ 48,246	$ 55,649	$ 148,855	$ 28,465	$ 101,982	$ 65,972	$ 4,689	$ 1,168,709

(1) Funded by SCPPA payments-in-aid of construction
(2) Established by supplemental resolution and not subject to the pledge in favor of bondholders
(3) Established by resolution of the IPA Board of Directors and not subject to the pledge in favor of bondholders

(Continued)

INTERMOUNTAIN POWER AGENCY

SUPPLEMENTAL SCHEDULES OF CHANGES IN FUNDS ESTABLISHED BY THE IPA REVENUE BOND RESOLUTION FOR THE YEARS ENDED JUNE 30, 2025 AND 2026 (IN THOUSANDS)

		Restricted Assets											
		Debt Service Fund		Subordinated Indebtedness Fund	Construction Fund								
	Revenue Fund	Debt Service Account	Debt Service Reserve Account	Debt Service Account	Tax Exempt Construction Account	Taxable Construction Account	STS Construction Account [1]	Decommissioning Fund [2]	STS Decommissioning Fund [2]	Hydrogen Betterments Fund [3]	Hydrogen Reserve Fund [3]	Self-Insurance Fund	Total
BALANCE, JULY 1, 2025	$ 234,752	$ 45,368	$ 143,737	$ -	$ 290,994	$ 48,246	$ 55,649	$ 148,855	$ 28,465	$ 101,982	$ 65,972	$ 4,689	$ 1,168,709
ADDITIONS:													
Proceeds from issuance of Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
Billings received	631,799	-	-	-	-	-	-	-	-	-	-	-	631,799
Other revenues	1,708	-	-	-	-	-	-	-	-	-	-	-	1,708
Investment earnings	9,760	1,817	5,318	-	9,232	297	2,212	7,120	1,325	5,414	2,684	47	45,226
Payments-in-aid of construction	-	-	-	-	1,592	-	404,314	-	-	-	-	-	405,906
Total	643,267	1,817	5,318	-	10,824	297	406,526	7,120	1,325	5,414	2,684	47	1,084,639
DEDUCTIONS:													
Operating expenditures	294,372	-	-	-	-	-	-	-	-	-	-	-	294,372
Capital expenditures	(3,008)	-	-	-	207,715	-	425,442	1	-	20,300	-	-	650,450
Interest paid on long-term debt	18,048	90,553	-		-	-	-	-	-	-	-	-	108,601
Principal paid on long-term debt	-	(8,367)	-	8,367	-	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	309,412	82,186	-	8,367	207,715	-	425,442	1	-	20,300	-	-	1,053,423
TRANSFERS:													
Transfer of revenues to other Funds	(144,199)	137,091	(2,020)	9,128	-	-	-	-	-	-	-	-	-
Other transfers	(109,389)	(1,908)	(4,161)	-	44,654	(48,520)	(242)	31,500	-	88,066	-	-	-
Total	(253,588)	135,183	(6,181)	9,128	44,654	(48,520)	(242)	31,500		88,066	-	-	-
BALANCE, JUNE 30, 2026	$ 315,019	$ 100,182	$ 142,873	$ 761	$ 138,757	$ 23	$ 36,491	$ 187,474	$ 29,790	$ 175,162	$ 68,656	$ 4,736	$ 1,199,924

(1) Funded by SCPPA payments-in-aid of construction
(2) Established by supplemental resolution and not subject to the pledge in favor of bondholders
(3) Established by resolution of the IPA Board of Directors and not subject to the pledge in favor of bondholders

(Concluded)