PRELIMINARY OFFICIAL STATEMENT DATED MARCH 7, 2012

NEW ISSUE—BOOK-ENTRY ONLY | See "RATINGS"

Subject to compliance by UAMPS and the Participants with certain covenants, in the opinion of Chapman and Cutler LLP, Bond Counsel to UAMPS, under present law, interest on the Series 2012 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. In the opinion of Bond Counsel, under existing laws of the State of Utah presently enacted and construed, interest on the Series 2012 Bonds will be exempt from taxes imposed by the Utah Individual Income Tax Act. See "TAX EXEMPTION."

UAMPS
Utah Associated Municipal Power Systems
SMARTENERGY

$77,380,000*
UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS
PAYSON POWER PROJECT REFUNDING REVENUE BONDS
SERIES 2012

Dated: Date of original issuance | Due: April 1, as shown on the inside cover

The Series 2012 Bonds are initially issuable in book-entry form only through The Depository Trust Company, New York, New York (*"DTC"*), which will act as securities depository for the Series 2012 Bonds. Interest on the Series 2012 Bonds is payable on each April 1 and October 1, commencing October 1, 2012. The Series 2012 Bonds are subject to optional redemption prior to maturity.

The Series 2012 Bonds are being issued to refund bonds previously issued by UAMPS to finance the Cost of Construction of, and certain other costs related to, the Payson Power Project, a 143 MW natural gas-fired generating facility located in Payson, Utah.

The Series 2012 Bonds are special obligations of UAMPS and are payable from and secured by a pledge of the Revenues derived by UAMPS from the Payson Power Project, and certain funds pledged under the Indenture, subject to the application of the Revenues under the terms of the Indenture and to the payment of the Operation and Maintenance Costs of the Payson Power Project. The Series 2012 Bonds are not an obligation of the State of Utah, the Participants, any other Member of UAMPS or any other political subdivision of the State of Utah (other than UAMPS). Neither the faith and credit nor the taxing or appropriation power of the State of Utah or any political subdivision thereof is pledged to the payment of the Series 2012 Bonds. UAMPS has no taxing power.

The Series 2012 Bonds are offered when, as and if issued and received by the Underwriters, subject to the approval of legality by Chapman and Cutler LLP, Bond Counsel, and certain other conditions. Certain matters will be passed on for the Underwriters by their counsel, Ballard Spahr LLP. It is expected that the Series 2012 Bonds will be available for delivery in book-entry form on or about April __, 2012.

Seattle-Northwest Securities Corporation has acted as Financial Advisor to UAMPS in connection with the issuance of the Series 2012 Bonds.

BMO CAPITAL MARKETS

BofA MERRILL LYNCH | **WELLS FARGO SECURITIES**

This cover page contains general information for quick reference only. It is not a summary. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision. This Official Statement is dated March __, 2012, and the information contained herein speaks only as of such date.

* Preliminary; subject to change.

$77,380,000*

UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS
PAYSON POWER PROJECT REFUNDING REVENUE BONDS
SERIES 2012

MATURITY (APRIL 1)*	PRINCIPAL AMOUNT*	INTEREST RATE	YIELD	CUSIP (917328)†
2013	$4,790,000	%	%	
2014	4,775,000			
2015	4,870,000			
2016	4,985,000			
2017	5,140,000			
2018	5,320,000			
2019	5,155,000			
2020	5,365,000			
2021	5,575,000			
2022	5,800,000			
2023	6,030,000			
2024	6,270,000			
2025	6,520,000			
2026	6,785,000			

* Preliminary; subject to change.

† The above referenced CUSIP numbers have been assigned by an independent company not affiliated with the parties to this bond transaction and are included solely for the convenience of the holders of the Series 2012 Bonds. None of UAMPS, the Trustee or the Underwriters is responsible for the selection or uses of such CUSIP numbers, and no representation is made as to its correctness on the Series 2012 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2012 Bonds as a result of various subsequent actions including, but not limited to, a refunding of the Series 2012 Bonds in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities.

UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS

155 North 400 West, Suite 480
Salt Lake City, Utah 84103
(801) 566-3938

BOARD OF DIRECTORS

Kay R. Johnson	Chairman
Allen Johnson	Vice Chairman
Steve King	Secretary
Dwight F. Day	Treasurer

Travis Ball	Leon Fredrickson	Bruce Leonard	Gene Shawcroft
Noel Bertelsen	Blaine Haacke	Ray Loveless	Phillip T. Solomon
Chad Carter	Chris Hogge	Guy McBride	Bill Stewart
Roger Carter	Steve Hollabaugh	Von Mellor	Nick Tatton
Ron Crump	Dave Imlay	Jason Norlen	Jack Taylor
Matt Draper	Isaac Jones	Ted Olson	Jeff White
Adam Ferre	Kent Kummer	Daniel Peterson	Les Williams
Jackie Flowers	Eric Larsen	Bruce Rigby	

MANAGEMENT

Doug Hunter
General Manager

Ted Rampton
Manager of Government Affairs

Jackie Coombs
Manager of Customer Services

Scott Fox
Manager of Finance

Marshall Empey
Manager of Operations and Planning

Mason Baker
General Counsel

PROJECT PARTICIPANTS

Ephraim City	Lehi City	South Utah Valley ESD
Fairview Town	Logan City	Spring City
City of Hurricane	Monroe City	City of Springville
Hyrum City	Mt. Pleasant City	Truckee Donner PUD, CA
Kaysville City	Payson City	Washington City
	City of Santa Clara	

TRUSTEE

Zions First National Bank
One South Main Street, 12th Floor
Salt Lake City, Utah 84133

BOND COUNSEL

Chapman and Cutler LLP
201 South Main Street, Suite 2000
Salt Lake City, Utah 84111

FINANCIAL ADVISOR

Seattle-Northwest Securities Corporation
50 West Broadway, Suite 1210
Salt Lake City, Utah 84101

GENERAL INFORMATION AND CERTAIN DISCLAIMERS

The information contained in this Official Statement has been furnished by UAMPS, the Participants, DTC and other sources that are believed to be reliable. No dealer, broker, salesperson or any other person has been authorized by UAMPS or the Underwriters to give any information or to make any representations other than those contained in this Official Statement in connection with the offering contained herein, and, if given or made, such information or representations must not be relied upon as having been authorized by UAMPS or the Underwriters.

This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the Series 2012 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made thereunder shall under any circumstances create any implication that there has been no change in the affairs of UAMPS or the Participants, or in any other information contained herein, since the date of this Official Statement.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

In connection with this offering, the Underwriters may engage in transactions that stabilize, maintain or otherwise affect the market prices of the Series 2012 Bonds. Such transactions, if commenced, may be discontinued at any time.

THE SERIES 2012 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT.

This Official Statement contains "forward-looking statements" that are based upon UAMPS' current expectations and its projections about future events. When used in this Official Statement, the words "project," "estimate," "intend," "expect," "scheduled", "proforma" and similar words identify forward-looking statements. Forward-looking statements are subject to known and unknown risks, uncertainties and factors that are outside of the control of UAMPS. Actual results could differ materially from those contemplated by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. UAMPS has no plans to issue any updates or revisions to these forward-looking statements based on future events.

TABLE OF CONTENTS

[THIS PAGE INTENTIONALLY LEFT BLANK]

OFFICIAL STATEMENT

$77,380,000*
UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS
PAYSON POWER PROJECT REFUNDING REVENUE BONDS
SERIES 2012

INTRODUCTION

This Official Statement, which includes the cover page hereof and the Appendices, provides certain information in connection with the issuance by Utah Associated Municipal Power Systems (*"UAMPS"*), of its $77,380,000* Payson Power Project Refunding Revenue Bonds, Series 2012 (the *"Series 2012 Bonds"*).

UAMPS

UAMPS is a political subdivision of the State of Utah organized under the Utah Interlocal Cooperation Act, Title 11, Chapter 13, Utah Code Annotated 1953, as amended (the *"Act"*). Its 45 members (the *"Members"*) include public power utilities in Utah, Arizona, California, Idaho, Nevada, New Mexico, Oregon and Wyoming. Each of the Members has entered into the UAMPS Agreement for Joint and Cooperative Action (the *"Organization Agreement"*) which provides for the organization and operation of UAMPS. UAMPS' purposes include the planning, financing, development, acquisition, construction, operation and maintenance of various projects for the generation, supply, transmission and management of electric energy for the benefit of the Members.

UAMPS is a project-based organization and presently operates 14 separate projects that provide a variety of power supply, transmission and other services to the Members that participate in them. The Members make their own elections to participate in UAMPS' projects and are not obligated to participate in any particular project. In general, UAMPS and its Members that elect to participate in a project enter into a contract that specifies the services or product to be provided by UAMPS from the project, the payments to be made by the participating Members in respect of the costs of the project and other matters relating to the project. See "UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS."

THE SERIES 2012 BONDS

The Series 2012 Bonds are issued in book-entry form only and mature and bear interest as shown on the inside cover page of this Official Statement. Interest on the Series 2012 Bonds is payable on each April 1 and October 1, commencing October 1, 2012. So long as the book-entry system is in effect, payments of principal and interest, and transfers of the Series 2012 Bonds, will be made through the facilities and under the procedures of DTC. See "THE SERIES 2012 BONDS."

---

* Preliminary; subject to change.

The Series 2012 Bonds are subject to optional redemption prior to maturity. See "THE SERIES 2012 BONDS—Redemption."

AUTHORITY FOR THE SERIES 2012 BONDS

The Series 2012 Bonds are being issued pursuant to the Act and the Trust Indenture dated as of October 1, 2002, as previously supplemented and amended and as supplemented and amended by a Fourth Supplemental Trust Indenture, dated as of April 1, 2012 (collectively, the *"Indenture"*), each between UAMPS and Zions First National Bank, as successor trustee thereunder (the *"Trustee"*). Capitalized terms used and not defined in this Official Statement have the meanings assigned to them in the Indenture or, if not in the Indenture, in the Power Sales Contracts (defined below). See "CERTAIN DEFINITIONS" in APPENDIX B.

PAYSON POWER PROJECT BONDS; PURPOSE OF THE SERIES 2012 BONDS

In 2003, UAMPS issued its $100,850,000 Payson Power Project Revenue Bonds, 2003 Series A (the *"Series 2003A Bonds"*) to provide funds sufficient, together with capital contributions made by certain of the Participants (defined below), to pay all of the estimated Cost of Construction of the Initial Facilities of the Payson Power Project. In settlement of a lawsuit brought by one of the original Participants, the City of Page, Arizona (*"Page"*) assigned all of its Entitlement Share under the Power Sales Contracts (each as defined below), and ten of the original Participants acquired the assigned Entitlement Share for a price that repaid a portion of the capital contribution made by Page at the time of the original financing of the Project in 2003 and certain additional amounts. UAMPS issued its $2,751,000 Special Obligation Revenue Bonds, Series 2007 (the *"Series 2007 Bonds"*) on behalf of five of these Participants to finance all or a portion of their cost of acquiring Page's Entitlement Share. The Series 2007 Bonds were not issued under the Indenture, and are secured by a pledge of loan repayments to be made by these Participants. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 BONDS —Participant Payments" AND "— Power Sales Contracts — *Transfer of Entitlement Share*" below.

UAMPS is issuing the Series 2012 Bonds to provide funds sufficient, together with other legally available moneys, to (i) advance refund all of the $77,960,000 outstanding principal amount of Series 2003A Bonds (the *"Series 2003A Refunded Bonds"*) and (ii) repurchase and refinance all of the $1,781,000 outstanding principal amount of the Series 2007 Bonds (the *"Series 2007 Refunded Bonds"*). The Series 2003A Refunded Bonds and the Series 2007 Refunded Bonds are collectively referred to herein as the *"Refunded Bonds."* See "PLAN OF REFUNDING" below. Proceeds of the Series 2012 Bonds will also be used to pay certain costs of issuance. See "PLAN OF REFUNDING" and "SOURCES AND USES OF FUNDS" below.

The Series 2012 Bonds and any additional bonds, notes and refunding bonds that may be issued by UAMPS pursuant to the Indenture are referred to collectively herein as the *"Bonds."* Upon their issuance, the Series 2012 Bonds will be the only Bonds outstanding under the Indenture.

THE PAYSON POWER PROJECT

The Payson Power Project (or the *"Project"*) is a natural gas-fired, combined cycle electric generating facility located on a seven-acre site in Payson, Utah, approximately 50 miles south of Salt Lake City, together with related gas and electric interconnection, transportation and transmission facilities. The principal component of the Project is an electric generating facility known as the "Nebo Power Station" (the *"Generating Facility"*), which includes a combustion turbine-generator, a heat recovery steam generator and a dual-pressure steam turbine. The Project has a minimum (simple cycle) operating capability of 67 megawatts (*"MW"*), an optimal (combined cycle) operating capability of 112 MW and a net maximum (summer/duct fired) operating capability of 143 MW. The Generating Facility also includes pollution control equipment, a cooling tower, water treatment facilities, water storage tanks, control and administrative buildings, and other ancillary facilities. The Project also includes approximately six miles of gas pipelines to provide access to natural gas supplies and suppliers, and ten miles of 138 kV and 46 kV transmission lines, as well as substation facilities, which interconnect the Project with the regional transmission grid for the delivery of Project output to the Participants.

The Project was placed into commercial operation in June 2004 and has operated with a high degree of reliability since that date. The Generating Facility is operated by a staff of twelve UAMPS employees, including a plant manager who reports to the General Manger of UAMPS.

For a more complete description of the Project, see "THE PAYSON POWER PROJECT."

THE PARTICIPANTS

UAMPS sells all of the output of the Payson Power Project to 16 of its Members (the *"Participants"*) under substantially identical Payson Power Project Power Sales Contracts, as supplemented (collectively, the *"Power Sales Contracts"*).

The Participants are those political subdivisions of the States of Utah and California listed at the front of this Official Statement. Each of the Participants owns and operates a local electric utility system and uses its portion of the output of the Payson Power Project to meet a portion of its power supply requirements.

The Participants provide electric utility service to 96,000 retail customers, and their service areas have a total population of approximately 230,000. For their most recent years of operation, the Participants sold a total of approximately 1,782,777 MWh of energy and had aggregate (noncoincident) peak demands of approximately 433 MW.

For additional information regarding the Participants, see "THE PARTICIPANTS" and APPENDIX A.

POWER SALES CONTRACTS

Under the Power Sales Contracts, UAMPS has agreed to sell to each Participant, and each Participant has agreed to purchase from UAMPS, the electric energy allocable to such

Participant's respective share of the capability of the Payson Power Project. Each Participant's share of the output of the Project (as it may be revised from time to time in accordance with the Power Sales Contracts), is referred to as an *"Entitlement Share."* See "THE PARTICIPANTS" for a schedule showing the Participants and their Entitlement Shares.

The Power Sales Contracts allocate the output and the costs of the Project to the Participants based upon their Entitlement Shares. Together, the 16 Power Sales Contracts allocate all of the output and costs of the Project to the Participants. The Power Sales Contracts can not be terminated while any of the Series 2012 Bonds are outstanding and constitute the principal source of the Revenues pledged to the payment of the Series 2012 Bonds under the Indenture.

The Participants have agreed to make payments to UAMPS under the Power Sales Contracts on a "take-or-pay" basis, whether or not the Project or any portion thereof is acquired, completed, operable or operating and notwithstanding the suspension, interruption, interference, reduction or curtailment of the output of the Project, in whole or in part, for any reason. The obligation of the Participants to make such payments is not subject to any reduction, offset or counterclaim, and is not conditioned upon the performance by UAMPS under the Power Sales Contracts or any other agreement or instrument.

The payment obligations of the Participants under the Power Sales Contracts are several and not joint. However, the Power Sales Contracts include a "step-up" provision that requires the Participants to accept an increase in their Entitlement Shares of up to 25% in the event of a default by another Participant.

The payment obligations of the Participants under the Power Sales Contracts are not general obligations of the Participants, but constitute operating expenses of the Participants' respective electric utility systems, payable solely from the available revenues of the related system. The Participants are not liable for each other's obligations under the Power Sales Contracts.

See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 BONDS—Power Sales Contracts" below and "SUMMARY OF CERTAIN PROVISIONS OF THE POWER SALES CONTRACTS" in APPENDIX C.

SECURITY AND SOURCE OF PAYMENT

The Series 2012 Bonds are secured and payable as provided in the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 BONDS." The cross references below are to the subheadings under that caption.

Pledge of the Indenture. The Series 2012 Bonds and any additional Bonds are equally and ratably secured under the Indenture and are payable on a parity with one another. The Bonds are special obligations of UAMPS, payable from and secured by a pledge and assignment of the Revenues derived by UAMPS from the Payson Power Project and certain funds established under the Indenture. The Revenues consist primarily of payments to be made by the Participants under the Power Sales Contracts. See "Pledge of the Indenture."

Use of Revenues. The Indenture provides for the allocation of the Revenues to the funds and accounts established by the Indenture and for the use of the Revenues to pay all of the costs of the Project, including the debt service on the Bonds. The Revenues are applied first to the Operation and Maintenance Fund to pay the Operation and Maintenance Costs of the Project as they become due and to provide necessary working capital for Project operations. The Revenues are next transferred to the Bond Fund to pay the debt service on the Bonds and to replenish any amount that has been withdrawn from the Debt Service Reserve Account. The Revenues are then transferred to the Subordinated Indebtedness Fund and the Reserve and Contingency Fund to meet the purposes of these funds. The Revenues may only be used for purposes of the Project. See "Flow of Funds."

Debt Service Reserve. The payment of the Bonds is further secured by the Series 2012 Debt Service Reserve Subaccount held by the Trustee under the Indenture. This Subaccount is required to be funded upon the issuance of the Series 2012 Bonds in an amount equal to the Debt Service Reserve Requirement. An amount equal to $____________ (the initial Debt Service Reserve Requirement) will be deposited into the Series 2012 Debt Service Reserve Subaccount from the proceeds of the Series 2012 Bonds upon their issuance. See "Debt Service Reserve Account."

Power Sales Contracts. UAMPS has covenanted in the Indenture that (1) it will enforce the provisions of the Power Sales Contracts and duly perform its obligations under them and (2) that it will not consent to any rescission or amendment of the Power Sales Contracts which will reduce the aggregate amount of the payments required to be made by the Participants or which will materially and adversely affect the rights of UAMPS under the Power Sales Contracts or the rights or security of the Bondowners under the Indenture. See "Power Sales Contracts."

Rate Covenant. UAMPS has covenanted to at all times establish and collect rates and charges for the output of the Project that will provide Revenues in each fiscal year sufficient, together with other available funds, to pay (1) the Operation and Maintenance Costs, (2) the Aggregate Debt Service on the Bonds, (3) any amount required to be deposited into the Debt Service Reserve Account, and (4) all other charges or amounts payable out of Revenues. See "Rate Covenant."

Additional Bonds. UAMPS may issue one or more Series of additional Bonds under the Indenture which will rank on a parity with the Series 2012 Bonds with respect to the pledge of Revenues under the Indenture. Additional Bonds may be issued for one or more of the following purposes to: (1) pay the Cost of Construction of Additional Facilities and certain other costs of the Project, (2) pay Operation and Maintenance Costs and to provide working capital reserves, (3) pay the principal or redemption price of and interest on Bond Anticipation Notes and (4) provide UAMPS with funds sufficient to accomplish the refunding of all or a part of an outstanding Series of Bonds, including in each case the payment of all expenses in connection with such refunding. See "Additional Bonds."

AVAILABILITY OF CONTINUING INFORMATION

UAMPS will enter into a Continuing Disclosure Undertaking (the *"Undertaking"*) for the benefit of the Beneficial Owners of the Series 2012 Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board pursuant to the requirements of Section (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The proposed form of the Undertaking is attached as APPENDIX E hereto. See also "CONTINUING DISCLOSURE" herein.

TAX MATTERS

Subject to compliance by UAMPS and the Participants with certain covenants, in the opinion of Bond Counsel, under present law, interest on the Series 2012 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. In the opinion of Bond Counsel, under existing laws of the State of Utah presently enacted and construed, interest on the Series 2012 Bonds will be exempt from taxes imposed by the Utah Individual Income Tax Act. See "TAX EXEMPTION."

CONDITIONS OF DELIVERY

The Series 2012 Bonds are offered, subject to prior sale, when, as, and if issued, subject to the approval of legality by Chapman and Cutler LLP, Bond Counsel to UAMPS, and certain other conditions. Certain matters will be passed upon for the Underwriters by their counsel, Ballard Spahr LLP. See "LEGAL MATTERS."

ADDITIONAL INFORMATION

In preparing this Official Statement, UAMPS has relied upon information furnished by the Participants, as well as certain information supplied by DTC and others. This Official Statement includes summaries of the terms of the Series 2012 Bonds, the Indenture, certain provisions of the Act, the Power Sales Contracts and certain contracts and documents relating to the Payson Power Project. The summaries of and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each such document, statute, report, or instrument. Descriptions of the Indenture, the Series 2012 Bonds and the Power Sales Contracts are also qualified by reference to bankruptcy laws affecting the remedies for the enforcement of the rights and security provided therein and the effect of the exercise of the police power by any entity with jurisdiction. The Indenture and a composite Power Sales Contract have been posted on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (*"EMMA"*) website at www.emma.msrb.org/marketactivity/RecentPS.aspx.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between UAMPS and the purchasers or owners of any of the Series 2012 Bonds. The statements of UAMPS herein are not to be construed as statements by any member of the Board of Directors of UAMPS or any employee of UAMPS.

THE SERIES 2012 BONDS

GENERAL

The Series 2012 Bonds will be issued as fully registered bonds, initially in full book-entry form only, in the denomination of $5,000 or any integral multiple thereof, in the aggregate principal amount shown on the cover page of this Official Statement. The Series 2012 Bonds will be dated their date of original issuance and will bear interest from that date at the interest rates per annum set forth on the inside cover page of this Official Statement. Interest on the Series 2012 Bonds is calculated on the basis of a 360-day year consisting of twelve 30-day months and is payable on April 1 and October 1 of each year, commencing October 1, 2012. The Series 2012 Bonds will mature on April 1 of the years and in the principal amounts set forth on the inside cover page of this Official Statement.

Principal and Redemption Price on the Series 2012 Bonds when due shall be payable at the principal corporate trust office of the Trustee as Paying Agent, or of its successor as Paying Agent. Payment of interest on the Series 2012 Bonds shall be made to the registered Owner thereof and shall be paid (1) by check or draft mailed to the person who is the registered Owner of record as of the close of business on the fifteenth day of the month next preceding each interest payment date (the *"Record Date"*) at his address as it appears on the registration books of the Trustee or at such other address as is furnished in writing by such registered Owner to the Trustee prior to the Record Date or (2) with respect to units of $1,000,000 or more of Bonds, by wire transfer to the registered Owner thereof upon written notice by such Owner to the Trustee given not later than the Record Date prior to an interest payment date.

OPTIONAL REDEMPTION

The Series 2012 Bonds maturing on or after April 1, ____ are subject to redemption prior to maturity at the option of UAMPS on or after ________, in whole or in part on any date, at a redemption price of 100% of the principal amount of each Series 2012 Bond or portion thereof to be redeemed, plus accrued interest to the redemption date.

SELECTION OF BONDS FOR REDEMPTION

If less than all of the Series 2012 Bonds are to be redeemed and if such Series 2012 Bonds mature on more than one date, UAMPS may select the maturity or maturities to be redeemed. If less than all of the Series 2012 Bonds of any maturity are to be redeemed, the particular Series 2012 Bonds or portion of such Bonds of such maturity shall be selected by the

Trustee in such manner as the Trustee in its sole discretion may deem fair and appropriate. The portion of any Series 2012 Bond of a denomination of more than $5,000 to be redeemed will be in the principal amount of $5,000 or any integral multiple thereof, and in selecting portions of such Bonds for redemption the Trustee will treat each such Bond as representing that number of such Bonds of $5,000 denomination which is obtained by dividing the principal amount of such Bond to be redeemed in part by $5,000.

NOTICE OF REDEMPTION

The Indenture requires the Trustee to give notice of any redemption of the Series 2012 Bonds by first class mail, postage prepaid to the registered owners of such Series 2012 Bonds to be redeemed not less than 30 nor more than 45 days prior to the redemption date. Such notice is to be sent to such registered owners at their respective addresses as they appear on the bond registration books of the Trustee or at such address as may have been filed by such Bondowner with the Trustee for such purpose. Neither failure to mail any such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Series 2012 Bonds.

If, at the time the notice is mailed, moneys sufficient to redeem all Bonds called for redemption have not been deposited with the Trustee, the notice described above will state that it is conditional upon the deposit by UAMPS of moneys sufficient to redeem all Bonds no later than the redemption date, and such notice will be of no effect unless such moneys are so deposited. If sufficient moneys are not deposited with the Trustee by the redemption date, the notice will be rescinded, none of the Bonds will be redeemed and the redemption price will not be due and payable. The Trustee will, as soon as possible and at the expense of UAMPS, give notice to the registered owners of the Bonds called for redemption of the rescission of such notice of redemption.

The Indenture requires further notice of any redemption of the Series 2012 Bonds to be given to certain registered securities depositories and national information services, but only if the Series 2012 Bonds are not held in book-entry only form. No defect in such further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice is given as described in the paragraph above.

So long as the Series 2012 Bonds are in book-entry form as described below and DTC is the registered owner of the Series 2012 Bonds, the Trustee is to send notice of redemption to DTC. Any failure of DTC to advise any Direct or Indirect Participant, or of any Direct or Indirect Participant to notify any Beneficial Owner, of any such notice or its content or effect will not affect the validity of the call for redemption of any of the Series 2012 Bonds.

BOOK-ENTRY FORM

The Depository Trust Company (*"DTC"*), New York, NY, will act as securities depository for the Series 2012 Bonds. The Series 2012 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Series 2012 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants (*"Direct Participants"*) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations.

DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (*"DTCC"*). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (*"Indirect Participants"*). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2012 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2012 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (*"Beneficial Owner"*) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2012 Bonds are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2012 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Series 2012 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2012 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2012 Bonds; DTC's records reflect only the identity of the

Direct Participants to whose accounts such Series 2012 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2012 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2012 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Series 2012 Bonds may wish to ascertain that the nominee holding the Series 2012 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2012 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to UAMPS as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2012 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2012 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from UAMPS or Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Trustee, or UAMPS, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of UAMPS or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2012 Bonds at any time by giving reasonable notice to UAMPS or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, certificates for the Series 2012 Bonds are required to be printed and delivered.

UAMPS may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor depository). In that event, certificates for the Series 2012 Bonds will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC. UAMPS takes no responsibility for the accuracy of this information.

PLAN OF REFUNDING

Series 2003A Refunded Bonds. Proceeds from the Series 2012 Bonds will be deposited with Zions First National Bank (the *"Escrow Agent"*), pursuant to an Escrow Agreement dated as of April 1, 2012 to establish an irrevocable trust escrow account (the *"Escrow Account"*), consisting of cash and noncallable direct full faith and credit obligations of the United States of America. Funds in the Escrow Account will be used to refund the Series 2003A Refunded Bonds in advance of their stated maturity, and are pledged solely for the payment of the Refunded Bonds. Upon the deposit of such amounts, the Series 2003A Refunded Bonds will be deemed to be paid and will no longer be secured by the pledge of the Revenues and other amounts under the Indenture.

The Series 2003A Refunded Bonds maturing on and after April 1, 2014 will be called for redemption on April 1, 2013, at a redemption price of one hundred percent (100%) of the principal amount thereof plus accrued interest thereon to the redemption date. The scheduled maturities, interest rates and CUSIP numbers for the Series 2003A Refunded Bonds are as follows:

SERIES 2003A REFUNDED BONDS

SCHEDULED MATURITY (APRIL 1)	PRINCIPAL AMOUNT	INTEREST RATE	CUSIP 917328
2013	$3,940,000	5.25%	KB1
2014	4,145,000	5.25	KC9
2015	4,365,000	5.25	KD7
2016	4,590,000	5.25	KE5
2017	4,835,000	5.25	KF2
2018	5,085,000	5.00	KG0
2019	5,340,000	5.00	KH8
2020	5,610,000	5.00	KJ4
2021	5,890,000	5.00	KK1
2022	6,185,000	5.00	KL9
2023	6,490,000	5.00	KM7
2024	6,815,000	5.00	KN5
2025	7,155,000	5.00	KP0
2026	7,515,000	5.00	KQ8
TOTAL	$77,960,000		

The cash and investments held in the Escrow Account will bear interest and mature in amounts sufficient to pay (a) the interest falling due on the Series 2003A Refunded Bonds through April 1, 2013 and (b) the redemption price or principal of the Series 2003A Refunded Bonds on April 1, 2013.

Certain mathematical computations regarding the sufficiency of and the yield on the investments held in the Escrow Account will be verified by Grant Thornton LLP. See "ESCROW VERIFICATION" below.

Series 2007 Refunded Bonds. UAMPS has entered into an agreement with the owner of the Series 2007 Refunded Bonds to repurchase the Series 2007 Refunded Bonds on the issue date of the Series 2012 Bonds at a purchase price of 102% of the their principal amount plus accrued interest to the purchase date. The scheduled maturities, interest rates and CUSIP numbers for the Series 2007 Refunded Bonds are as follows:

SERIES 2007 REFUNDED BONDS

SCHEDULED MATURITY (APRIL 1)	PRINCIPAL AMOUNT	INTEREST RATE	CUSIP 91733A
2013	$267,000	4.12%	AE0
2014	278,000	4.19	AF7
2015	290,000	4.26	AG5
2016	302,000	4.34	AH3
2017	315,000	4.42	AJ9
2018	329,000	4.49	AK6
TOTAL	$1,781,000		

SOURCES AND USES OF FUNDS

The sources and uses of funds in connection with the issuance of the Series 2012 Bonds are approximately as follows:

SOURCES:	
Principal of the Series 2012 Bonds	$ __________
Initial offering premium/discount	__________
Available moneys[(1)]	__________
TOTAL SOURCES	$ __________
USES:	
Deposit to Escrow Account[(2)]	$__________
Refinancing of Series 2007 Refunded Bonds	__________
Deposit to Debt Service Reserve Account[(3)]	__________
Costs of issuance[(4)]	__________
TOTAL USES	$__________

(1) Amounts held in the debt service reserve accounts for the Refunded Bonds.
(2) See "PLAN OF REFUNDING" above.
(3) This amount is equal to the Debt Service Reserve Requirement upon the issuance of the Series 2012 Bonds.
(4) Includes Underwriters' discount, legal, financial advisory, rating agency and Trustee and escrow agent fees and expenses, and other miscellaneous costs.

DEBT SERVICE REQUIREMENTS

The following table sets forth the annual debt service requirements on the Series 2012 Bonds:

YEAR[1]	PRINCIPAL[2]	INTEREST[2], [3]	TOTAL[2], [3]
2013	$	$	$
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
TOTAL	$	$	$

(1) Fiscal Years of UAMPS ended March 31.
(2) Principal column shows amounts due on the April 1 immediately following the end of the Fiscal Year. Interest column shows total of interest due on October 1 of the Fiscal Year and on April 1 of the next Fiscal Year.
(3) Amounts have been rounded to the nearest dollar. Columns may not total due to rounding.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 BONDS

PLEDGE OF THE INDENTURE

All Bonds are equally and ratably secured under the Indenture. Pursuant to the Indenture, UAMPS has pledged as security for the Bonds the proceeds of the Bonds, the Revenues and the funds (other than any Rebate Fund) established by the Indenture, including the investments, if any, thereof, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. The Indenture does not mortgage or pledge any of the properties comprising the Payson Power Project to secure the payment of the Bonds.

"Revenues" is defined in the Indenture as all revenues, fees, income, charges, rents and receipts derived by UAMPS from or attributable to the Project, including the proceeds of any insurance covering business interruption loss, all as determined in accordance with generally accepted accounting principles. The Revenues consist primarily of the amounts payable under the Power Sales Contracts and any other amounts realized by UAMPS from any other sale of the output or capacity of the Project. Revenues also includes any Commodity Swap Receipts, Interest Rate Swap Receipts, Swap Termination Payments received by UAMPS and all interest, profits or other income derived from the investment of any moneys held pursuant to the Indenture and required to be paid into the Revenue Fund. Revenues does not include: (1) insurance proceeds resulting from casualty damage to the Project; (2) the proceeds from the sale of the Bonds; or (3) moneys received under any Security Instrument or Reserve Instrument.

Operation and Maintenance Costs include, in general, all operation and maintenance costs related to the Project actually incurred by, or charged to, UAMPS, including amounts reasonably required to be set aside in reserves for the payment of Operation and Maintenance Costs in the future. Operation and Maintenance Costs also include, but are not limited to: "Operation and Maintenance Costs" and "Wheeling Costs," each as defined in the Power Sales Contracts (referred to hereinafter as "Project Operation and Maintenance Costs" and "Project Wheeling Costs," respectively), and amounts paid by UAMPS pursuant to the Payson Power Project Agreements in respect of the costs of operating and maintaining the Payson Power Project; costs of any Security Instruments or Reserve Instruments; amounts (other than Commodity Swap Payments and Interest Rate Swap Payments) necessary to maintain any Commodity Swaps and Interest Rate Swaps; fees and expenses of fiduciaries, financial consultants, accountants, engineers, legal counsel and other consultants and technical advisors; taxes, payments in lieu of taxes and other governmental charges; and any other current expenses or obligations required to be paid by UAMPS under the provisions of the Payson Power Project Agreements or by law, all to the extent properly allocable to the Payson Power Project. See "CERTAIN DEFINITIONS" in APPENDIX B.

Each Series of Bonds is secured by the Debt Service Reserve Account only to the extent that (1) a Series Subaccount has been established for such Series of Bonds or (2) additional amounts are deposited into an existing Series Subaccount that secures two or more Series of Bonds. The Series 2012 Bonds are secured by the Series 2012 Debt Service Reserve Subaccount. See "Debt Service Reserve Account" below.

FLOW OF FUNDS

UAMPS is required in the Indenture to promptly deposit all Revenues to the credit of the Revenue Fund, which is held by UAMPS. On or before the third Business Day preceding each Bond Payment Date (and at such other times as may be necessary to provide for the full and timely payment of all bond payments), UAMPS is required, after the transfer of amounts required to be transferred to the Operation and Maintenance Fund pursuant to the Indenture, from and to the extent of the moneys on deposit in the Revenue Fund, to transfer and deposit into the following funds amounts set forth below in the following order:

first, in the Bond Fund for credit to the Debt Service Account, the amount required so that the balance in each Series Subaccount in the Debt Service Account shall equal the Accrued Debt Service on the Series of Bonds for which such Series Subaccount was established, *second,* into the Bond Fund for credit to the Debt Service Reserve Account, such amount as is necessary to restore the balance in each Series Subaccount to the Debt Service Reserve Requirement for such Series Subaccount following any withdrawal of moneys from such Series Subaccount or to reimburse the issuer of any Reserve Instrument following any drawing on it,

third, into the Subordinate Indebtedness Fund, such amount as is required to be deposited under each Supplemental Indenture authorizing the issuance of Subordinated Indebtedness, and

fourth, into the Reserve and Contingency Fund such amount as shall be necessary so as to cause the amount set forth in the Annual Budget for the then-current Fiscal Year to be deposited into the Reserve and Contingency Fund by the end of such Fiscal Year.

Amounts remaining on deposit in the Revenue Fund after the transfers described above may be transferred from time to time by UAMPS into the Stabilization Fund, *provided, however,* that after any such transfer (1) the sum of the amounts on deposit in the Revenue Fund and the Debt Service Account shall equal the Accrued Debt Service on all Series of Bonds Outstanding, (2) the Debt Service Reserve Requirement shall be on deposit in each Series Subaccount in the Debt Service Reserve Account, and (3) the required amounts of working capital shall be on deposit in the Revenue Fund. Amounts in the Stabilization Fund may be used for any lawful purpose of UAMPS in connection with the Project.

See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Flow of Funds" in APPENDIX B, for a further description of provisions of the Indenture relating to the application of Revenues.

DEBT SERVICE RESERVE ACCOUNT

The payment of the Bonds is also secured by the Series 2012 Debt Service Reserve Subaccount held by the Trustee under the Indenture. The Series 2012 Debt Service Reserve Subaccount will be funded upon the issuance of the Series 2012 Bonds in an amount equal to the Debt Service Reserve Requirement. An amount equal to the Maximum Annual Debt Service on the Series 2012 Bonds will be deposited into the Debt Service Reserve Account upon their issuance. UAMPS may by Supplemental Indenture provide that one or more series of Additional Bonds or Refunding Bonds will be secured by the Series 2012 Debt Service Reserve Subaccount. In this event, UAMPS is required under the Indenture to provide for the deposit of such additional amounts as are necessary to cause the Debt Service Reserve Requirement for the Series 2012 Debt Service Reserve Subaccount to be on deposit.

As of any date of calculation, the Debt Service Reserve Requirement for the Series 2012 Debt Service Reserve Subaccount is equal to the least of (1) the sum of ten percent of the original principal amount of each Series of Bonds secured by the Series 2012 Debt Service Reserve Subaccount; (2) the Maximum Annual Debt Service on all Bonds secured by the Series 2012 Debt Service Reserve Subaccount; and (3) 125 percent of the Average Annual Debt Service on all Bonds secured by the Series 2012 Debt Service Reserve Subaccount. See "CERTAIN

DEFINITIONS" and "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Flow of Funds" in APPENDIX B.

POWER SALES CONTRACTS

Purchase and Sale of Energy. Pursuant to the Power Sales Contracts each of the Participants has agreed to purchase from UAMPS the firm electric energy allocable to each Participant's Entitlement Share. Payments for such energy are to be made by the Participants under the Power Sales Contracts on a "take or pay" basis, that is, whether or not the Payson Power Project or any portion thereof is acquired, completed, operable or operating and notwithstanding the suspension, interruption, interference, reduction or curtailment of the output of the Project. The obligations of the Participants to make such payments are not subject to any reduction, whether by offset, counterclaim or otherwise, and are not conditioned upon the performance by UAMPS under the Power Sales Contracts or any other agreement or instrument.

Participants' Obligations. The Power Sales Contracts provide that the obligations of the Participants under their respective Power Sales Contracts are several not joint (*i.e*., each Participant is responsible only for the performance and payment of the obligations contained in its Power Sales Contract with UAMPS and is not responsible or liable for the performance or payments required to be made by any other Participant). The payments made by each Participant under its Power Sales Contract constitute an obligation of each Participant and an operating expense of the Participant's electric system payable solely from the revenues and other available funds of the electric system and constitute a cost of purchased power and energy.

Participant Payments. During each Contract Year (which currently commences on each April 1), each Participant is obligated to pay its share of Project Debt Service Costs, Project Operation and Maintenance Costs and Project Wheeling Costs. Such costs are required to be billed at least monthly. The sum of these costs represents the Participants' cost of energy from the Project. These costs are allocated among the Participants as follows:

- Project Debt Service Costs (which include debt service on the Bonds and related amounts) are allocated among the Participants based upon their Debt Service Shares. A Participant's Debt Service Share is based upon its Entitlement Share, adjusted to reflect whether or not the Participant has made a capital contribution in respect of some or all of its share of the Costs of Construction. Various of the Participants have made such capital contributions and, as a result, some have Debt Service Shares that are less than their Entitlement Shares. In addition, as described herein, one of the original Participants, the City of Page, Arizona (*"Page"*) assigned all of its Entitlement Share to ten other original Participants in 2007. These Participants acquired the assigned Entitlement Share for a price that included repayment of a capital contribution made by Page in 2003. Five of these Participants (Hurricane, Kaysville, Lehi, Logan, and South Utah Valley ESD) requested that UAMPS issue the Series 2007 Bonds to finance all or a part of the cost acquiring the assigned Entitlement Share. These Participants were responsible for the payment of the debt service on the Series 2007 Bonds and are responsible for the payment of the debt service on that portion of the Series 2012 Bonds that is allocable to the refunding of the Series 2007 Bonds. As a result, the Debt Service

Shares of these Participants have been adjusted upward for the Contract Years ending March 31, 2013 through 2018, to reflect their increased payment responsibility. See "THE PARTICIPANTS—Schedule of Entitlement and Debt Service Shares" below.

- Project Operation and Maintenance Costs (which include all other costs and expenses attributable to the Payson Power Project including fuel costs) are allocated among the Participants based upon their Entitlement Shares.

- Project Wheeling Costs (which include the cost of transmitting energy from the Payson Power Project site to each Participant's point of delivery) are allocated to each Participant based upon criteria attached to the Power Sales Contracts that determine the actual cost incurred by UAMPS in delivering energy from the Project to the Participant.

Participant Covenants. Each Participant has covenanted in its Power Sales Contract to establish, maintain, revise, charge and collect rates for the electric service it furnishes to customers to provide revenues which, together with other funds reasonably estimated to be available, will be sufficient to meet its obligations under its Power Sales Contract, to pay all other operating expenses of the Participant's electric system and to provide revenues sufficient to enable the Participant to keep its electric system in good working order, and to pay all obligations payable from or constituting a charge or lien on, such revenues and, to the extent being paid from revenues of such electric system, all general obligation bonds of the Participant now or hereafter outstanding. Certain of the Participants have participated in other projects in which they have entered into agreements with payment obligations similar to the Power Sales Contracts. The payment obligations under such agreements are on a parity with the obligations of such Participants under the Power Sales Contracts.

Participant Default; Step-Up. Failure of a Participant to make any payment under its Power Sales Contract within five business days after the due date of any such payment shall constitute a default by that Participant. In such event, UAMPS may proceed to enforce such Participant's payment obligation by action at law or equity and may, upon 30 days' written notice to that Participant, discontinue providing all or any portion of the defaulting Participant's Entitlement Share.

In the event of default by any Participant and the discontinuance of service, UAMPS is required to immediately make a mandatory pro rata allocation of the defaulting Participant's Entitlement Share to all nondefaulting Participants, based upon such Participants' original Entitlement Shares; *provided that* no Participant shall be required to increase its original Entitlement Share by more than 25%. The defaulting Participant is not relieved of its liability for payment of any amounts in default under its Power Sales Contract. See "INVESTMENT CONSIDERATIONS–Certain Provisions of the Power Sales Contracts–*Mandatory Allocation of Defaulting Participant's Entitlement Share; Step-Up Limitation*."

Term of the Power Sales Contracts. Each Power Sales Contract between UAMPS and a Participant constitutes an obligation of the parties until such Power Sales Contract terminates on the later of (1) the date the principal of, premium, if any, and interest on all Bonds have been paid or funds have been irrevocably set aside for the full defeasance thereof in accordance with the Indenture; or (2) February 17, 2049 or such later date to which UAMPS' existence is extended; provided that in any event the term of the Power Sales Contracts shall not extend for more than fifty years from their effective date. As long as any Bonds are outstanding or until provision has been made for the payment of all Bonds outstanding in accordance with the Indenture, the Power Sales Contracts may not be terminated or amended, modified or otherwise altered in any manner which will reduce the amount of or extend the time for the payments which are pledged as a security for the Bonds or which will impair or adversely affect the rights of the holders of the Bonds.

Transfer of Entitlement Share. Under the Power Sales Contracts, each Participant has covenanted not to assign all or any part of its Entitlement Share except in accordance with the requirements of the Power Sales Contracts. In order to assign all or any part of its Entitlement Share, the Participant must give one hundred twenty (120) days' prior written notice to UAMPS. Each of the other Participants then has the option of acquiring all or any portion of the Entitlement Share that is proposed to be sold, assigned or otherwise disposed of. If less than all of such Entitlement Share is taken by the other Participants, UAMPS will then offer any remaining amount to the other Members of UAMPS.

The Power Sales Contracts further require, as a condition of any sale, assignment or other disposition of all or any portion of a Participant's Entitlement Share, that the Participant and its purchaser, assignee or lessee (the *"Assignee"*) satisfy the following conditions:

(a) at the sole option of UAMPS either (i) the Assignee shall assume all obligations of the Participant under the Power Sales Contract in such a manner as shall assure UAMPS to its sole satisfaction that the Participant's Entitlement Share to be purchased and the amounts to be paid therefor will not be reduced, and if and to the extent deemed necessary by UAMPS in its sole discretion to reflect such assignment and assumption, UAMPS and such Assignee shall enter into an agreement supplemental to the Power Sales Contract to clarify the terms upon which the Participant's Entitlement Share is to be sold thereunder by UAMPS to such Assignee; or (ii) the Assignee shall enter into a new contract with UAMPS for the purchase of the Participant's Entitlement Share at a price and on terms which UAMPS in its sole discretion determines not to be less beneficial to it and the other Participants than the Power Sales Contract;

(b) the senior debt, if any, of the Assignee, if such Assignee is not a Participant, shall be rated by at least one nationally recognized bond rating agency in a category generally recognized to be "investment grade";

(c) UAMPS shall by resolution determine that such sale, lease or other disposition will not adversely affect UAMPS, the other Participants or the security for the payment of Bonds; and

(d) UAMPS shall have received an opinion of nationally recognized bond counsel to the effect that such sale, assignment or disposition will not by itself adversely affect the tax exempt status of interest on any of the Bonds (theretofore issued or thereafter to be issued as tax exempt obligations).

UAMPS shall make the determinations required above within one hundred twenty (120) days of receipt by UAMPS of the Participant's notice referred to above.

Certain Participants (or prior Participants) have previously transferred all or part of their Entitlement Shares pursuant to the provisions of the Power Sales Contracts described above. In 2007, Page assigned all of its Entitlement Share to ten of the original Participants (Ephraim, Hurricane, Hyrum, Kaysville, Lehi, Logan, Santa Clara, Spring City, South Utah Valley ESD and Washington). In 2008, the City of St. George, Utah (*"St. George"*) assigned all of its Entitlement Share to six of the original Participants (Ephraim, Hurricane, Hyrum, Lehi, South Utah Valley ESD and Washington). As a result of these assignments, Page and St. George are no longer Participants in the Project.

In 2009, Payson City and Truckee Donner Public Utility District (*"TDPUD"*) entered into an Absolute Assignment and Lay Off Power Sales Agreement providing for (i) the sale by Payson City of a portion of the capacity and energy available from its Entitlement Share under the Power Sales Contract and (ii) upon the satisfaction of certain conditions, the absolute assignment by Payson City of 3.68% Entitlement Share under the Power Sales Contracts. Upon the issuance of the Series 2012 Bonds and the defeasance of the Series 2003A Bonds, the conditions to this assignment will be satisfied, with the result that TDPUD will be a Participant under the Power Sales Contracts with a 3.68% Entitlement Share (representing approximately 4.1 MW of generating capacity in the Project).

For a schedule showing the Entitlement Shares, amounts of Project Capability and Debt Service Shares of the Participants resulting from the assignment transactions described above and as of the date of issuance of the Series 2012 Bonds, see "THE PARTICIPANTS–Schedule of Entitlement and Debt Service Shares" below.

See also "INVESTMENT CONSIDERATIONS–Certain Provisions of the Power Sales Contracts–*Transfer of Entitlement Share*."

Additional Terms of the Power Sales Contracts. See "SUMMARY OF CERTAIN PROVISIONS OF THE POWER SALES CONTRACTS" in APPENDIX C for a more detailed description of the terms of the Power Sales Contracts.

RATE COVENANT

In the Indenture, UAMPS has covenanted to at all times establish and collect rates and charges for the use of the capability and output of the Payson Power Project or the sale of the capacity or service of the Payson Power Project, as shall be required to provide Revenues at least sufficient in each fiscal year, together with other available funds, for the payment of the sum of: (1) Operation and Maintenance Costs during such fiscal year; (2) the Aggregate Debt Service for such fiscal year; (3) the amount, if any, to be paid during such fiscal year into the Debt Service Reserve Account in the Bond Fund; and (4) all other charges or amounts payable out of

Revenues during such fiscal year. See "CERTAIN DEFINITIONS" and "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Particular Covenants—*Rates, Fees and Charges"* in APPENDIX B.

ADDITIONAL BONDS

Under the Indenture, UAMPS is authorized to issue Bonds in addition to the Series 2012 Bonds payable from the Revenues and the funds established under the Indenture (other than any Rebate Fund) on a parity with the Series 2012 Bonds. Such Bonds may be issued for the purpose of paying all or a portion of (1) the Cost of Construction of Additional Facilities and any other item included within the "Cost of the Project" under the Power Sales Contracts, (2) Operation and Maintenance Costs, working capital reserves and any other items within the definition of Cost of Construction, (3) principal, Redemption Price and interest on Bond Anticipation Notes, (4) costs of refunding all or a part of outstanding Bonds of one or more Series, including the payment of all expenses in connection with such refunding, or (5) any combination of (1), (2), (3) and (4).

"Additional Facilities" means, in general, (1) all renewals, repairs, replacements, extensions and additions to the Project, (2) all property (including real property or personal property of any nature, and including contractual entitlements to the capacity or output of electric generation, substation or transmission facilities), directly and functionally related to the Project and (3) any additional electric generating facilities located at the site of or interconnected with the Project and any related facilities. Additional Bonds may also be issued for the purpose of refunding all or a portion of any Series of Bonds. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Issuance of Bonds" in APPENDIX B.

AMENDMENTS TO THE INDENTURE

The Indenture includes provisions governing amendments and supplements. While certain amendments require the consent of a majority of the owners of the Bonds, the Indenture may be amended or supplemented for various purposes without the consent of the owners of the Bonds, including for the purpose of issuing additional bonds.

The Indenture provides that it may be modified or amended without the consent of any Bondowner if the modification or amendment will not take effect until all previously-issued Bonds are no longer Outstanding. Pursuant to these provisions, effective upon the refunding and refinancing of the Refunded Bonds, the Indenture will be amended to: (i) expand the definition of "Additional Facilities" to include additional generating facilities that are interconnected with the Initial Facilities; (ii) clarify the scope of certain amendments that may be made to the Power Sales Contracts; and (iii) enable UAMPS to enter into amended or additional Power Sales Contracts in connection with changes or modifications to the Initial Facilities or the acquisition or construction of Additional Facilities upon the satisfaction of certain conditions but without the consent of the Bondowners. See "Modification or Amendment of Indenture" in APPENDIX B.

THE PAYSON POWER PROJECT

GENERAL

Physical Facilities. The major component of the Payson Power Project is a natural gas-fired, combined cycle electric generating facility known as the "Nebo Power Station" (the *"Generating Facility"*). The Generating Facility is located on a seven-acre site in Payson City, Utah, adjacent to Interstate Highway 15 and approximately 60 miles south of Salt Lake City. Construction of the Project began in 2002 and was completed in June 2004 at a total cost of $98 million.

The Generating Facility includes a combustion turbine-generator, a heat recovery steam generator and a dual-pressure steam turbine. The combustion turbine-generator is a General Electric PG7121EA (Frame 7EA) combustion turbine coupled to a GE Model 7A6 open-ventilated, air cooled generator. The heat recovery steam generator was manufactured by Nooter/Eriksen and the dual-pressure steam turbine is a General Electric 76.2 SC4 steam turbine coupled to a GE Model 7A6 totally enclosed water-to-air cooled generator. The Project utilizes dry low-NOx combustors with selective catalytic reduction to meet best available control technology requirements. See "Environmental and Technological Matters" below.

The Generating Facility has a simple cycle operating capability of 67 MW, an optimal (combined cycle) operating capability of 112 MW and a net maximum (summer/duct fired) operating capability of 143 MW. The Generating Facility includes pollution control equipment, a cooling tower, water treatment facilities, a water storage tank, control and administrative buildings and other ancillary facilities.

Operation. The Generating Facility was operated initially under an operation and maintenance agreement with an affiliate of the general construction contractor. Since the expiration of that agreement in 2009, UAMPS has operated the Generating Facility with a staff of 12 employees, including a Plant Manager who reports to the General Manager of UAMPS. None of the employees at the Generating Facility are represented by a union. UAMPS reports that relations between management and employees are very good.

Gas Transportation. Natural gas is supplied to the Project via a six-mile, six-inch diameter gas pipeline that runs from the Generating Facility to the "Nebo Tap" on the "104 Line," an interstate gas pipeline owned by Questar Gas Company located several miles south of the Project. The Project's natural gas supply facilities also include decompression stations and taps.

Electric Transmission. The Project includes the Nebo Substation and 15 miles of transmission lines that transmit the Project's output to the 138kV Dry Creek Substation and the 46kV Taylor Switchrack. These facilities provide electricity supply to three Participants that are located near the Generating Facility (Springville, South Utah Valley ESD and Payson City) and the regional transmission grid for the delivery to the other Participants. UAMPS has designated the point of interconnection of the Project's transmission facilities with the regional transmission grid as a "Point of Receipt" under the Amended and Restated Transmission Service and

Operating Agreement (the *"ARTSOA"*) between UAMPS and PacifiCorp. Under the ARTSOA, PacifiCorp transmits electricity from the Point of Receipt to "Points of Delivery" at the Participants' municipal electric systems at FERC-filed rates. See "INVESTMENT CONSIDERATIONS—PacifiCorp FERC Filing to Change ARTSOA Rates" for a discussion of proposed changes to these rates.

Utility Services. Under a Utility Services Agreement between the parties, Payson City provides water supply, wastewater treatment and electric utility services to UAMPS for the Project. The Generating Facility requires approximately 400 million gallons of cooling water each year, which is supplied by a combination of culinary water and "Type 1" treated wastewater from Payson City's wastewater treatment plant (located adjacent to the Generating Facility) at a fixed price per unit. Payson City also provides culinary water to the Project under its prevailing rate schedules. Cooling tower blowdown is discharged into a local waterway under a direct-discharge permit issued by the Utah Department of Environmental Quality ("Utah DEQ). See "Licenses, Permits and Approvals" below. Other wastewaters produced by the operation of the Generating Facility are treated at Payson City's wastewater treatment plant at its standard industrial rate. Backup electricity supply to the Project is provided by Payson City's municipal electric system, which includes 7.3 MW of in-system generating capacity.

UTILIZATION OF THE PROJECT

UAMPS undertook the Project to provide the Participants with an efficient, natural gas-fired electric generating facility that supplements and supports their wholesale market purchases of electricity on a daily basis. On days when wholesale electricity prices are high, the Generating Facility is capable of producing electricity at a below-market cost. On days when electricity prices are low, the Generating Facility provides firm capacity to support low-cost energy purchases on a non-firm basis. In general, seasonal wholesale market prices are highest during hot summer months and cold winter months, and daily wholesale market prices are highest during "high load hours" (the 96 hours each week covered by the period from 7 a.m. to 11 p.m., Monday through Saturday). Most utilization of the Generating Facility occurs during these seasonal and hourly periods. Accordingly, the Generating Facility operates as an "intermediate" resource that is generally utilized after baseload power supply resources, such as hydroelectric and coal-fired generation.

Under the Power Sales Contracts, the Participants have assigned their Entitlement Shares of the output of the Project to the UAMPS Power Pool. All purchases of energy from the Project by the Participants are administered through the UAMPS Power Pool. Surplus energy allocable to a Participant's Entitlement Share is sold to other Pool Participants or into the wholesale market.

Operating and Scheduling Procedures adopted by the Project Management Committee pursuant to the Power Sales Contracts provide for the Participants to pre-schedule energy from the Project three business days in advance. Any unscheduled capability of the Project may be utilized by UAMPS for sales at market prices through the UAMPS Power Pool or the wholesale market, but only to the extent that such sales are expected to benefit the overall operation of the Project and produce positive margin (sales revenue less variable costs). Under the Operating and

Scheduling Procedures, UAMPS may commit to purchase the fuel (natural gas) necessary to meet the Participants' pre-schedules. On a real-time basis, UAMPS may change the output of the Project if beneficial to all of the Participants as a whole. And any Participant may change its pre-schedule if it is not detrimental to the other Participants, UAMPS or the Project. In lieu of operating the Generating Facility to meet the Participants' pre-schedules, UAMPS may purchase non-firm "fuel replacement" energy in the wholesale market.

FUEL SUPPLY

The Power Sales Contracts generally authorize UAMPS to enter into transactions to obtain and manage the price of natural gas necessary for the operation of the Project. The Project Management Committee has adopted policies for the acquisition of natural gas and gas transportation for the Project that direct UAMPS to minimize the potential impact of gas and electric price volatility on the Participants while taking into account the overall costs of energy from the Project.

Through its separate Natural Gas Project, UAMPS purchases natural gas for the Project on a firm basis for delivery at the Nebo Tap under industry-standard gas purchase and sale agreements from nationally-recognized suppliers. Under fuel policies approved by the Project Management Committee, the Participants can request UAMPS to enter into forward purchase transactions for natural gas to meet their forecasted schedules for output from the Project. These transactions enable individual Participants to fix the fuel costs (gas price) attributable to a specific portion of their forecasted monthly schedules for Project output, and each Participant may elect what portions of its monthly forecasted schedule to cover with forward gas purchases. In December 2009, UAMPS entered into a forward purchase transaction for the delivery of a total of 4,160,000 MMBtu of gas beginning in October 2009 and extending through December 2013. UAMPS recently entered into an additional forward purchase for a total of 3,147,295 MMBtu of gas for delivery beginning in April 2012 through March of 2015. The quantities of gas purchased under these forward transactions vary by month and reflect the seasonal variations in the Participants' demand for energy from the Project.

PROJECT OPERATIONS

As described above, the Generating Facility operates as an intermediate resource to supplement and support the Participants' other power supply resources and market purchases. The determination of whether to operate the Generating Facility is made on a day-ahead basis taking into account a range of factors including the Participants' pre-schedules of energy from the Project, the current electric loads and resources of the Participants and the participants in the UAMPS Power Pool, current market prices for natural gas and electricity and other factors. UAMPS' scheduling department operates 24 hours each day, seven days a week, and is staffed by five Power Schedulers who operate under the supervision of the Director of Real-Time Operations, with support from a Power Metrics Director and other staff.

Operating History. The equivalent availability factor and net generation of the Project for the last five fiscal years of operation are shown below.

PAYSON POWER PROJECT OPERATING HISTORY

FISCAL YEAR ENDED MARCH 31,	EQUIVALENT AVAILABILITY FACTOR (1)	NET GENERATION (MWh)
2007	94.3%	552,030
2008	95.0	700,256
2009	93.8	468,909
2010	85.1(2)	463,786
2011	91.4	429,197
Five-Year Average	91.9%	522,836

(1) Equivalent Availability Factor is the percentage of time the unit was available for service, whether operated or not. It is equal to available hours divided by the total hours, during the year, expressed as a percentage.
(2) The Equivalent Availability Factor was lower in Fiscal Year 2010 due to a major maintenance outage.

Source: UAMPS.

MAINTENANCE, RENEWALS AND REPLACEMENTS

Outage Schedule and Maintenance. The Generating Facility requires regular maintenance and repairs, the frequency and scope of which are primarily dependent on the number of occasions the combustion-turbine generator is started up and placed into operation. Regular maintenance outages are scheduled biannually during low load periods in the Spring and Fall. Major maintenance outages are scheduled consistent with manufacturers' recommendations and otherwise as necessary. The last major maintenance outage occurred in May and June of 2009.

As a part of the Annual Budget for the Project for the fiscal year beginning April 1, 2012, UAMPS has recommended that the Project Management Committee adopt a predictive maintenance program to proactively address maintenance and repair needs with a goal of reducing the number and extent of forced outages at the Generating Facility.

The Power Sales Contracts authorize UAMPS (upon the approval of the Project Management Committee) to include in the Annual Budget billings to the Participants to accumulate a reserve for future renewal and replacements expenditures on the Project. As of January 31, 2012, UAMPS has accumulated $4.14 million in this reserve. Of this amount, UAMPS expects $1 million to remain unallocated for contingencies, and the remainder is expected to be used for the next major maintenance outage which is expected to occur in 2014.

UAMPS has projected the following capital expenditures at the Project for the next five fiscal years:

FISCAL YEAR ENDED MARCH 31	ESTIMATED CAPITAL EXPENDITURES
2013	$ 238,000
2014	3,148,000
2015	1,558,000
2016	113,000
2017	88,000
Total	$5,145,000

UAMPS expects to pay all such capital expenditures with accumulated reserves, and does not expect to issue any additional Bonds to finance such capital expenditures.

LICENSES, PERMITS AND APPROVALS

Prior to constructing the Project, UAMPS received a certificate of convenience and necessity from the Utah Public Service Commission, as required by the Act. The Public Service Commission has no continuing jurisdiction over UAMPS or the Project.

UAMPS reports that the Project is presently in compliance, in all material respects, with all applicable state and federal and environmental laws and regulations. Various environmental permits for the Project must be renewed from time to time and UAMPS does not expect it will experience any problems with the renewal of these permits. The original Utah DEQ permit for the direct discharge of cooling tower blowdown was scheduled to expire on May 30, 2009. Utah DEQ has not issued a renewal permit, pending its development of a new model for analyzing wastewater discharges. The original permit will remain in effect until Utah DEQ has completed its new modeling.

THE PARTICIPANTS

SCHEDULE OF ENTITLEMENT AND DEBT SERVICE SHARES

Sixteen Members of UAMPS have entered into Power Sales Contracts with UAMPS pursuant to which each such Participant will purchase the firm electric energy from the Payson Power Project allocable to its Entitlement Share. As shown below, four Participants—the Cities of Kaysville, Lehi, Logan and Springville—account for over 62% of all Participants' Entitlement Shares and are each referred to herein as a "*Major Participant*" and collectively, the *"Major Participants."*

The following table shows each Participant's Entitlement Share, the amount of generation capacity represented by its Entitlement Share and each Participant's Debt Service Share.

PARTICIPANT	ENTITLEMENT SHARE	PROJECT CAPABILITY[1]	DEBT SERVICE SHARE[2][3]
Springville	18.07	20,241	19.12%
Kaysville[4]	16.33	18,288	15.68
Lehi[4]	15.33	17,172	15.35
Logan[4]	12.92	14,472	12.41
Hurricane[4]	8.40	9,412	8.28
Payson	8.07	9,039	8.54
Washington	5.72	6,410	5.73
SUVESD[4]	5.52	6,177	5.46
TDPUD	3.68	4,118	3.89
Hyrum	2.05	2,291	2.04
Santa Clara	1.96	2,195	1.56
Ephraim	0.98	1,095	0.95
Monroe	0.45	506	0.48
Mt. Pleasant	0.36	405	0.38
Spring City	0.08	91	0.08
Fairview	0.08	88	0.08
TOTAL	100.00%	112,000 kW	100.00%

(1) In kilowatts (kW), based on the 112,000 kW (gross) optimal operating capability of the Project.
(2) Column does not total due to rounding.
(3) Certain of the Participants have previously made capital contributions in respect of the initial Costs of Construction of the Project. These capital contributions cause the Debt Service Shares of these Participants to be less than their Entitlement Shares, and the Debt Service Shares of the other Participants to be greater than their Entitlement Shares. For a description of how Debt Service Shares are calculated, see "SUMMARY OF CERTAIN PROVISIONS OF THE POWER SALES CONTRACTS" in APPENDIX C.
(4) For the Contract Years ended March 31, 2013 – 2018, the Debt Service Shares of these Participants have been adjusted upward to reflect their responsibility for the payment of the portions of the Series 2012 Bonds that are allocable to the refinancing of the Series 2007 Bonds. As a result of this upward adjustment, the Debt Service Shares of these Participants and are greater than shown and the Debt Service Shares of the other Participants are correspondingly reduced, but only for the years ended March 31, 2013 – 2018.

The current Participant group shown in the schedule above and the amounts of their respective Entitlement Shares and Debt Service Shares as shown are the result of certain assignment and transfer transactions that have taken place within the last five years. For a description of these transactions, see the footnotes to the schedule above and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 BONDS–Power Sales Contracts–*Transfer of Entitlement Shares*." See also "INVESTMENT CONSIDERATIONS–Certain Provisions of the Power Sales Contracts."

The ability of UAMPS to pay principal of and interest on the Bonds will be most significantly dependent upon the performance by the Major Participants of their respective payment obligations to UAMPS under the Power Sales Contracts. In addition, because the pledge of the Revenues under the Indenture is subject to the prior payment of Operation and Maintenance Costs, the ability of UAMPS to pay principal of and interest on the Bonds will also be dependent upon the prompt and full payment by all of the Participants, including those which have pre-paid a portion of their respective shares of Project Debt Service Costs, of Project Operation and Maintenance Costs and Project Wheeling Costs under the Power Sales Contracts.

In addition to the general information provided for all of the Participants under "Participant Information" below, selected financial and operating information for each of the Major Participants is included as APPENDIX A.

PARTICIPANT INFORMATION

Each Participant owns and operates a local electric utility system that provides integrated electric service at retail to residential, commercial, industrial and other customers located in, and in some cases around, the Participant's boundaries. Various external power supply and transmission resources are utilized by each of the Participants. Certain of these resources are described under "POWER SUPPLY AND TRANSMISSION RESOURCES" below. Many Participants also own and operate their own hydroelectric and thermal generating resources and certain Participants purchase wholesale supplies of energy from suppliers other than UAMPS.

The electric utility systems operated by the Participants have generally been in operation for many years—in some cases for over 100 years. Each of the utility systems is under the governance of the Participant's city council or other governing board. Many of these governing bodies have established utility boards or power advisory boards to provide them with advice and recommendations on the operations of the electric utility. Each Participant retains complete operational control over its electric utility and all have electric system managers or other employees that are responsible for the day to day operations of the utility.

Each of the Participants has the exclusive right and obligation to provide all utility services within its corporate boundaries. Under Utah law, the Participants located in Utah may exercise this right and discharge this obligation either by providing such utility services themselves or by granting franchises to others (*i.e.,* private or cooperative utilities) to provide such services. With respect to electric utility services, such Participants have elected to exercise and discharge their right and obligation by providing such services directly. Any entity desiring to provide competing electric utility services within the boundaries of any of the Participants in Utah would be required to obtain a franchise from such Participant. The Power Sales Contracts contain certain covenants and agreements of the Participants regarding the granting of such franchises. See APPENDIX C.

The electric system rates of the Participants are set by the governing body of each respective community. The authority of the Participants to impose and collect rates and charges for the electric services provided by them is not subject to regulation by any Federal agency or any State agency or commission in Utah or California, in the case of Truckee Donner Public Utility District, California.

The following table provides summary information with respect to the Participants:

	POPULATION (1)	ELECTRIC CUSTOMERS(2)	2011 ENERGY SALES (KWH)(2)	2011 PEAK DEMAND (KW)(2)
Springville	29,466	10,256	255,162,010	55,422
Kaysville	27,300	8,293	137,082,537	39,332
Lehi	47,407	14,360	232,289,229	65,193
Logan	48,174	18,561	442,615,855	92,166
Hurricane	13,748	5,545	105,071,399	31,315
Payson	18,294	5,851	112,613,553	26,123
Washington	18,761	5,775	97,768,562	29,000
SUVESD	N/A	3,192	49,100,770	12,691
TDPUD	N/A	13,145	156,434,652	37,875
Hyrum	7,609	2,469	75,916,724	14,508
Santa Clara	6,003	2,053	37,648,407	13,201
Ephraim	6,135	1,941	38,518,865	6,851
Monroe	2,256	1,016	9,764,323	2,413
Mt. Pleasant	3,260	2,181	21,034,664	4,154
Spring City	998	566	3,074,896	1,016
Fairview	1,247	774	8,680,075	1,954
TOTALS:	230,658	95,978	1,782,776,521	433,214

(1) Source: U.S. Census Bureau 2010 estimate.
(2) Source: UAMPS Annual Report for its fiscal year ended March 31, 2011. Information under "Electric Customers" is as of December 2010.

UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS

HISTORY

UAMPS is a separate legal entity and a political subdivision of the State of Utah (the *"State"*). UAMPS was organized in 1980 under the Act and operates under the UAMPS Organization Agreement. UAMPS' purposes, as set forth in the Organization Agreement, include planning, financing, developing, acquiring, constructing, improving, bettering, operating, and maintaining projects (or an ownership interest or capacity right therein) for the generation and transmission of electric energy for the benefit of some or all of its members (the *"Members"*). The Organization Agreement expires on the latest to occur of: (i) fifty years after the latest amendment to the Organization Agreement; (ii) five years after UAMPS has fully paid or otherwise discharged all of its indebtedness; (iii) five years after UAMPS has abandoned, decommissioned, conveyed or transferred all of its projects; or (iv) five years after UAMPS' projects are no longer useful as determined under the applicable power sales or transmission service contracts. UAMPS is an "energy services interlocal entity" as defined in the Act.

THE INTERLOCAL COOPERATION ACT

The Act authorizes local governmental units to make the most efficient use of their powers by enabling them to cooperate with other governmental units on the basis of mutual advantage to provide services and facilities that will best accommodate the needs and development of local communities. Its purpose also includes provision of the benefits of economy of scale, economic development and utilization of natural resources for the overall promotion of the general welfare of the State.

An interlocal entity may be formed under the Act when two or more eligible public agencies enter into an agreement with one another for joint or cooperative action pursuant to the Act. An interlocal entity is a political subdivision of the State with various powers and duties, as provided in the Act. UAMPS is an energy services interlocal entity under the Act with power, among other things, to: (i) own and operate, individually or with others, facilities or improvements for the generation, transmission and transportation of electric energy or related fuel supplies; (ii) enter into contracts for supplies of electric power and energy and ancillary services, transmission and transportation services, and supplies of fuels necessary for the operation of generation facilities; (iii) enter into contracts for the sale of wholesale services provided by the energy services interlocal entity; (iv) issue revenue bonds and secure their payment by pledge of the revenues and receipts from the facilities, improvements or services it provides; and (v) adopt and implement risk management policies and strategies for energy.

In addition, UAMPS' Members may contract with UAMPS to perform any governmental service, activity or undertaking which the Members themselves are authorized by law to perform.

MEMBERSHIP

The Members of UAMPS include the 45 public power utilities that have entered into the Organizational Agreement. The following table lists the Members of UAMPS and the projects they participate in through UAMPS.

	Hunter	San Juan	IPP	CRSP	Firm Power Supply	Central- St. George	Craig Mona	Payson*	Pool	Resource	Member Services	Gov. & Public Affairs	Natural Gas	Horse Butte Wind
Beaver	•	•	•	•	•				•	•	•	•		•
Blanding		•		•	•				•	•	•	•	•	•
Bountiful		•	•	•			•		•		•	•		
Brigham City									•	•	•			•
Central Utah WCD				•							•	•		
Eagle Mountain					•				•	•	•	•	•	•
Enterprise	•	•	•	•	•	•	•		•	•	•	•		•
Ephraim	•		•	•	•		•	•	•	•	•	•		•
Fairview	•		•	•	•			•	•	•	•	•		
Fallon, NV					•				•	•		•		•
Fillmore	•	•	•	•	•				•	•	•	•		•
Fredonia, AZ					•						•			
Gallup, NM									•		•			
Heber L&P	•		•		•		•		•	•	•	•		•
Holden	•		•	•	•				•	•	•	•		
Hurricane	•	•	•	•	•	•		•	•	•	•	•		•
Hyrum	•	•	•	•	•			•	•		•	•		•
IDEA, ID									•					
Idaho Falls, ID					•				•	•	•	•		•
Kanosh	•		•	•	•				•	•	•	•		
Kaysville	•	•	•	•	•			•	•	•	•	•		•
Lassen MUD										•				
Lehi	•	•	•	•	•		•	•	•	•	•	•		•
Logan	•		•	•	•		•	•	•	•	•	•		
Lower Valley Energy										•			•	•
Meadow	•		•	•	•				•		•	•		
Monroe	•		•	•	•			•	•	•	•	•		
Morgan	•	•	•	•	•				•	•	•	•		•
Mt. Pleasant	•		•	•	•			•	•	•	•	•		•
Murray	•	•	•	•			•		•		•	•		
Northern Wasco County PUD									•	•				
Oak City	•		•	•					•	•	•	•		
Paragonah		•		•	•				•		•	•		•
Parowan	•		•	•					•		•	•		
Payson	•	•		•	•		•	•	•	•	•	•	•	
Plumas Sierra REC					•				•	•			•	
Price			•		•				•	•	•	•		•
Santa Clara	•	•		•	•	•		•	•	•	•	•	•	•
South Utah Valley ESD		•		•	•			•	•	•	•	•		
Spring City	•		•	•	•			•	•	•	•	•		
Springville		•		•	•		•	•	•	•	•	•		•
St. George						•	•		•					
Truckee Donner PUD, CA					•			•	•	•		•		•
Washington				•	•	•		•	•	•	•	•	•	•
Weber Basin WCD				•	•				•		•	•		

* The Payson Power Project is a participant in the Natural Gas Project.

The Organization Agreement provides for the admission of additional public power utilities as Members of UAMPS upon being accepted as a participant of a project by a project management committee and being approved as a participant of such project by the Board.

BOARD OF DIRECTORS

UAMPS is governed by its Board of Directors (the *"Board"*). The Board consists of Directors representing those Members that are public agencies and have entitlement shares in the various projects undertaken by UAMPS. Up to eleven Directors may be selected from each project. If a project has eleven or fewer participants, all of the participating Members are entitled to be represented by Directors. If a project has more than eleven participants, eleven Directors are selected as follows: the four Members with the largest entitlement shares (determined annually) are entitled to be represented by Directors, with the remaining seven Directors elected for four-year terms by and from the other participants in that project. Directors representing Members who are participants in the UAMPS Power Pool serve for one-year terms.

The Organization Agreement provides that, except for a decision to enter into a project, which requires a majority of all the Directors present constituting a quorum, a decision by the Board of Directors with respect to a project shall require a majority of the Directors representing the participants in the project who are present and constitute a quorum, unless a weighted vote is called for by a Director representing a Member who is a participant in that project. If a weighted vote is called for, a decision on a project shall require both (1) a majority of the Directors representing the Members participating in the project who are present and constitute a quorum, and (2) a majority of the entitlement shares in the project represented by the Directors who are present and constitute a quorum. A decision not related to a specific project shall be made by a simple majority of the Directors who are present and constitute a quorum. A quorum consists of 51 percent of the Directors eligible to vote.

PROJECT MANAGEMENT COMMITTEES

The Organization Agreement provides that the operations of each project of UAMPS will be under the direct supervision of a Project Management Committee comprised of representatives of all of the Members and other entities participating in the Project.

The Power Sales Contracts for the Payson Power Project establish a Project Management Committee for the purpose of: (1) reviewing, providing advice and recommendations to, and consulting with, UAMPS regarding the Project, the Project Agreements, operating and scheduling procedures and related matters; (2) reviewing, modifying and recommending the annual budget for the Project to the Board; and (3) reviewing, recommending and approving any additional Facilities to the Board. The Project Management Committee consists of one representative from each Participant, each of which has one vote. Except for a decision which would result in the termination of the Project, which requires unanimous approval, a decision of the Project Management Committee requires the approval of a majority of representatives voting. A quorum, which consists of a majority of all representatives, must be present for any decision of the Project Management Committee to be valid. So long as a Participant is in default under its Power Sales Contract, the representative of such Participant is not entitled to vote on any matter and is not required to constitute a quorum of the Project Management Committee, and such Participant's consent is not required to obtain any unanimous consent.

OFFICERS OF THE BOARD OF DIRECTORS

Kay Johnson, Chairman. Mr. Johnson serves as Power Representative for Blanding City Power, a position held since 1991. Prior to this he served on the Blanding City Council from 1986 to 1990 and served as Blanding City's Power Board Chairman. Mr. Johnson has served on the UAMPS Board since 1990, has served as Chairman of the Board since 2010, was the Vice Chairman of the Board from 2007 through 2009 and was Secretary of the Board from 1997 through 1999.

Allen Johnson, Vice Chair. Mr. Johnson has been the UAMPS representative for the Bountiful since 2007 and is currently serving as the Vice Chair. He has worked for Bountiful for the past 35 years and has been the Power Department Director since 2007. He is responsible for the budget, power supply, planning, and the operations of the department. He was the Generation Superintendent for 16 years before being appointed the Power Department Director and was directly responsible for the maintenance and operation of the Power Department's natural gas plant, two hydroelectric projects, engineering and Bountiful's six substations.

Steve King, Secretary. Mr. King has been the City of Fallon's UAMPS' Member Representative since Fallon became a UAMPS member in 1999. Mr. King is Fallon's Assistant City Attorney and also has a private law practice with Mackedon, McCormick & King, LLC., a professional corporation. Mr. King has 19 years of energy industry experience and holds a Bachelors Degree from George Mason University, Fairfax, Virginia and a Juris Doctor Degree from William and Mary Law School, Williamsburg, Virginia.

Dwight Day, Treasurer. Mr. Day has been involved with the electric utility industry for over 30 years. He started by managing the electric system of Fillmore as its City Administrator and was elected to the Board in 1980. During his tenure he has served as Chairman of the Board from 1984 through 1986, Vice Chairman of the Board in 1983, Secretary of the Board in 1994 through 1996.

The Chair, Vice-Chair, Secretary and Treasurer comprise the Executive Committee of UAMPS. The Executive Committee is responsible for performing specific duties delegated to it by the Board.

MANAGEMENT

The management of UAMPS is under the direction of the General Manager who reports directly to the Board. The General Manager is responsible for administering staff activities and carrying out policy directives of the Board.

Doug Hunter, General Manager. Mr. Hunter joined UAMPS in December 1983. Prior to his appointment as General Manager in 1995, he served as Assistant General Manager and Manager of Municipal Resources of UAMPS. Mr. Hunter holds a Master of Business

Administration degree from Utah State University and a Bachelor of Science degree in Biochemistry from the University of California, Davis.

Ted Rampton, Government and Public Affairs Manager. Mr. Rampton began his career in public power in 1976 with UAMPS predecessor, Intermountain Consumer Power Association. He has been involved in areas as power supply, contract negotiations and federal power resource issues. Mr. Rampton coordinates UAMPS' activities with the Utah State Legislation and Governor's office and is UAMPS' liaison to Utah's congressional offices. Mr. Rampton holds a Bachelors of Science degree from Weber State University in Business Administration and a Masters of Public Administration Program from Brigham Young University.

Marshall Empey, Manager of Operations and Planning. Mr. Empey joined UAMPS in February 1989. Prior to his position as Manager of Operations and Planning, Mr. Empey served UAMPS in various scheduling, power accounting and contract administration positions. During his career with UAMPS, Mr. Empey has held various positions with industry groups such as WECC, Northern Tier Transmission Group, Desert STAR, RTO West and Grid West. Prior to working for UAMPS, Mr. Empey worked for Deseret Generation & Transmission Co-operative for 3 years in scheduling and power accounting and the Union Pacific Railroad for 10 years in various positions in the freight accounting area. Mr. Empey holds a Bachelor of Science degree in Economics from Idaho State University and a Master of Business Administration degree from Westminster College.

Jackie Coombs, Manager of Customer Services. Ms. Coombs joined UAMPS in March 1989. Prior to her position as the Manager of Customer Services she was the General Manager's and Assistant General Manager's Administrative Assistant. Prior to working at UAMPS, Ms. Coombs worked for Deseret Generation & Transmission Co-operative from 1982 to 1989.

Scott Fox, Manager of Finance. Mr. Fox joined UAMPS in January 1995 and served as internal auditor and controller prior to his appointment as Manager of Finance in 2005. Mr. Fox received Bachelor of Science and Master's degrees in Accounting from Brigham Young University.

Mason Baker, General Counsel. Mr. Baker joined UAMPS in May 2011. Mr. Baker holds a Juris Doctorate degree from University of Utah and a Bachelor of Arts degree from Colorado College.

UAMPS currently employs a staff of 42 persons, 12 of whom are employees at the Project plant.

RETIREMENT PLAN

UAMPS has a defined contribution pension plan that covers all employees. Contribution levels are established by the Board, and all contributions are funded out of current reserves. See Note 10 to the audited financial statements of UAMPS attached as APPENDIX D.

SYSTEM ENERGY AND PEAK DEMAND

The following tables show the total energy and peak demand requirements of all of UAMPS' Members that are participants in the Pool Project and the off-system energy sales of UAMPS for the last five fiscal years (ended March 31):

	FISCAL YEARS ENDED MARCH 31,				
	2007	2008	2009	2010	2011
Total System Energy[1]	5,265,393	5,642,904	5,591,982	5,898,128	5,763,729
UAMPS Energy Sales[2]	4,021,839	4,450,615	4,464,799	4,577,920	4,375,413
Sales to Members[3]	3,159,397	3,443,879	3,497,935	3,361,109	3,229,897
Off-System Sales[4]	862,442	1,006,736	966,864	1,216,811	1,145,516
Total System Peak[5]	753	782	754	727	758

1 Total System Energy is shown in MWh and includes all energy generated and purchased by UAMPS and the Members.
2 UAMPS Energy Sales is shown in MWh and includes all energy sold by UAMPS to the Members and others.
3 Sales to Members is shown in MWh and includes all energy sold by UAMPS to the Members.
4 Off-System Sales is shown in MWh and includes all energy sold by UAMPS to purchasers other than Members and market sales.
5 Total System Peak is shown in MW and includes the aggregate coincident peak demand of all of the Members, excluding that portion of the Members' peak demand met by their own generating resources.

ANNUAL BUDGET AND BUDGETARY PROCESS

The Indenture and the Power Sales Contracts require UAMPS to (i) prepare an Annual Budget prior to the beginning of each Fiscal Year that details the Revenues, Operation and Maintenance Costs and other costs of the Project for the forthcoming Fiscal Year and (ii) review the Annual Budget at the end of each quarter and revise it as necessary in the event such review indicates that the Annual Budget does not or will not substantially correspond with actual receipts or expenditures, or if there are or are expected to be at any time during any such Fiscal Year extraordinary receipts, credits or expenditures that will substantially affect the amounts shown in the Annual Budget. The Annual Budget and any revision to it are required to be reviewed and recommended by the Project Management Committee for the Payson Power Project and approved by the Board.

UAMPS prepares separate annual budgets for each of its projects. In advance of the annual budgetary process, the Board adopts a budget policy that sets forth the assumptions and standards to be used by management in the preparation of the annual budget regarding project operations and costs, the allocation of administrative and general costs and other matters. A separate Budget Committee, comprised of the members of the Executive Committee and the chair of each project management committee, is constituted to oversee the preparation of the annual budget. The annual budget for each project is then reviewed, and (as necessary) revised, by the project management committee for that project and recommended to the Board for approval. The Board reviews and approves the annual budgets for each project, which are then consolidated into UAMPS' comprehensive annual budget. Pursuant to the budget policy, management reports financial information (actual and actual compared to budget) at least quarterly (and in many cases, monthly) to each project management committee.

The annual budget for each project is prepared to include all known or likely costs and expenditures of the project, with costs considered unlikely and unforeseen costs being addressed through budget amendments. For its generation projects (Hunter, San Juan and Payson), UAMPS has in recent years budgeted, billed and collected from the project participants amounts to fund major maintenance overhaul reserve accounts for the expected costs of future capital renewals, replacements and improvements shown on capital budgets provided by the project operating agents or prepared by UAMPS (in the case of Payson).

UAMPS' PROJECTS

The original Members of UAMPS met their power supply requirements through the purchase of electric power and energy from the federal Colorado River Storage Project (*"CRSP"*), Member-owned electric generating facilities and the purchase of power and energy attributable to UAMPS' interest in the Hunter 2 Generating Unit (the *"Hunter Project"*). With the addition of new Members and the growth in the power and energy requirements of its Members, UAMPS has undertaken additional projects, including:

- *Firm Power Project*, which provides and manages firm energy purchased under long-term power purchase contracts with various wholesale suppliers.

- *IPP Project*, which manages the output of the Intermountain Power Project that is purchased by certain of the Members.

- *San Juan Project,* under which UAMPS acquired an ownership interest (representing 35 MW of capacity) in Unit 4 of the San Juan Generating Station located in northwestern New Mexico.

- *Payson Power Project,* as described in this Official Statement.

- *Horse Butte Wind Project*, which provides for UAMPS' purchase of all of the output of a 57.6 MW wind powered electric generating facility in Bonneville County, Idaho. This Project is currently under construction, with UAMPS acting as the developer and construction manager for the owner of the wind farm.

- *Craig-Mona Transmission Project,* under which UAMPS acquired capacity entitlements in the transmission capability of two interconnected 345 kV transmission lines, running from near Craig, Colorado through the Bonanza Generating Station in eastern Utah to the Mona Substation in central Utah.

- *Central-St. George Transmission Project,* consisting of the construction and operation of various substations, switching stations and 138 kV, 69 kV and 46 kV transmission lines to provide reliable transmission service to UAMPS' Members in Washington County, Utah (southwestern Utah).

- *Natural Gas Project,* which was formed in 2008 by various Members of UAMPS and the Payson Power Project to acquire economical supplies of natural gas as fuel for electric generation. The Payson Power Project acquires all of its gas supplies through this Project.

- *Member Services Project,* which has been undertaken by UAMPS to address community needs. The Member Services Project is available for equipment purchases or special services that improve service for the Members' customers.

In addition to the projects listed UAMPS has established the Resource Project, the Member Services Project and the Government and Public Affairs Project, which are described below under the caption "POWER SUPPLY, TRANSMISSION AND OTHER RESOURCES." Through these undertakings, UAMPS has endeavored to grow and diversify the resource base of its Members, achieve economies of scale and increase the overall efficiency of its Members' electric resources. The power supply resources available from certain of these undertakings are consigned to the UAMPS Power Pool and then scheduled and allocated to the Members.

Other projects may be formed in the future. UAMPS is continually analyzing new projects and potential generating options to further procure long term, stable energy supplies for its Members. UAMPS may procure additional resources on an opportunistic basis.

Only one Member is required to form a UAMPS project. Individual UAMPS projects may become participants in other UAMPS projects.

UAMPS POWER POOL

The UAMPS Power Pool has been established through power pooling agreements (the *"Pooling Agreements"*) which UAMPS has entered into with 41 of its 45 Members, including the Participants in the Payson Power Project (collectively, the *"Pool Participants"*). Pursuant to the Pooling Agreements UAMPS acts as agent for: (i) the scheduling and dispatch of power and energy; (ii) the purchase of any power and energy required to meet such Pool Participant's electric system loads or to provide reserves for such loads; (iii) the sale of any power and energy available to a Pool Participant which is deemed surplus to meet its electric system loads; (iv) the utilization of transmission rights and provision of transmission service to effect power and energy deliveries to, and sales by, each Pool Participant; (v) the administration of payments with respect to each Pool Participant's purchase and sale of power and energy and transmission services; and (vi) conducting power supply and transmission studies and developing of programs for the acquisition or construction of power and transmission resources.

Most of the Pool Participants purchase from the Power Pool all of their supplemental power and energy requirements that exceed their power supply resources (which may include both physical resources and contractual supplies). Power supplied by the pool is priced according to whether the purchase is "planned" or "unplanned" within the meaning of the Pooling Agreements. "Planned" purchases are those amounts of power and/or energy that a Pool Participant has scheduled through UAMPS at least one hour before such power and/or energy is required. "Unplanned" purchases are those amounts of power and/or energy that the Pool

Participant required, as determined by the Pool Participant's meter(s), that do not come from the Pool Participant's own resources, including planned purchases under the Pooling Agreements.

Pool Participants may participate in the All-In Cost Pool that provides for participants to sell surplus resources at the all-in cost or purchase their deficit resource needs at an all-in cost from other participants. After all of the participants have satisfied their resource needs, any unutilized resource surplus is purchased by the unplanned pool and any deficit resource need is purchased from the unplanned pool.

In addition to the Power Pool, UAMPS operates a power exchange through which the Members are able to enter into forward transactions with one another or with UAMPS for the purchase and sale of power and energy.

The resources presently dedicated to the UAMPS Power Pool consist of power and energy from the following resources: (i) the Pool Participants' allocations of CRSP power and energy; (ii) electric generating facilities owned and operated by certain of the Pool Participants; (iii) power and energy generated by UAMPS' Hunter, San Juan and Payson Power Projects; (iv) power and energy purchased by UAMPS under the Firm Power Project; (v) non-firm contracts with, and market purchases from, power suppliers, marketers and others throughout the West; and (vi) resources owned or contracted for by individual Pool Participants that they dedicate to the Power Pool for scheduling to their loads by UAMPS. For information concerning these resources, see "POWER SUPPLY, TRANSMISSION AND OTHER RESOURCES" below.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS AND OPERATING RESULTS

General. For management's discussion and analysis of UAMPS' financial performance and position and an overview of UAMPS' activities for the years ended March 31, 2011 and 2010 see "MANAGEMENT'S DISCUSSION AND ANALYSIS" in the audited financial statements of UAMPS for the fiscal years ended March 31, 2011 and 2010 in APPENDIX D to this Official Statement.

The Payson Power Project. The Project has been an important development for UAMPS that has provided a significant power supply resource for the Participants. The cost of energy from the Project has compared favorably to date with market prices of electricity. The Project has produced significant benefits for the Participants by reducing their exposure to market purchases of energy during seasonal high load periods. In cases where prices have trended higher in the wholesale electric markets, the all-in costs of energy produced by the Project has compared favorably with market prices. During times that electric prices have trended lower, UAMPS has utilized the Project in a standby capacity to back-up economy energy purchases made on non-firm or unit contingent bases. Overall, UAMPS believes that the Project has represented a prudent investment by the Participants that has enabled them to achieve greater price stability and enhanced reliability in their wholesale power supplies.

POWER SUPPLY AND TRANSMISSION RESOURCES

GENERAL

UAMPS has undertaken various projects on behalf of its Members, consistent with its purposes as set forth in the Organization Agreement. In addition to the Payson Power Project and the Power Pool, UAMPS has undertaken and now operates the following power supply and transmission projects:

POWER SUPPLY PROJECTS

CRSP	IPP
Hunter	Firm
San Juan	Horse Butte Wind

TRANSMISSION PROJECTS	OTHER PROJECTS
Craig-Mona	Natural Gas Project
Central-St. George	Resource Project
	Member Services Project
	Government and Public Affairs Project

Each of the Participants also participates in one or more of the above-listed power supply or other UAMPS projects. See "UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS–Membership" for a listing of all Members, including the Participants, and the UAMPS projects in which they participate.

The primary arrangement used by UAMPS for transmitting the electric energy from its various power supply resources to its members is the Amended and Restated Transmission Service and Operating Agreement (the *"ARTSOA"*) between UAMPS and PacifiCorp. The ARTSOA is summarized below under the caption "Transmission of Power Supply Resources."

Since its creation, UAMPS has sought to develop new electric power supplies for its Members through the construction of, or acquisition of interests in, electric generating facilities and through the development of transmission access to power supply markets in adjacent states. Through a diversity of power supply resources, the Members are able to benefit from a diverse mix of power supply resources that minimizes their reliance on any single source of electric power.

UAMPS sells the capacity or service provided by each of its projects under contractual arrangements with its Members. Not all of UAMPS' Members have participated in every project that has been undertaken by UAMPS. See "UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS – Membership" above. To the extent that UAMPS has issued or will issue bonds to finance the capital or other costs of a project (*i.e.*, the Hunter Project, the Payson Power Project, the San

Juan Project, the Horse Butte Wind Project, the Craig-Mona Transmission Project, the Central-St. George 138kV Transmission Project and the Member Services Project), such bonds constitute special obligations of UAMPS and are secured solely by payments made to UAMPS by those Members that participate in the respective project. As described in this Official Statement, the Series 2012 Bonds are payable solely from the revenues derived by UAMPS from the Payson Power Project and are not payable from the revenues derived by UAMPS from any other UAMPS project. Correspondingly, no other project of UAMPS has a claim against the amounts pledged to the payment of the Series 2012 Bonds.

COLORADO RIVER STORAGE PROJECT

The Colorado River Storage Project (officially referred to as the *"Salt Lake City Area Integrated Projects"*) (*"CRSP"*) is owned by the United States of America and operated by the United States Bureau of Reclamation. One purpose of CRSP is the production of hydroelectric capacity and energy. The Western Area Power Administration (*"Western"*) is responsible for the marketing and transmission of federal power in 15 western and central states. Western's 670 customers in this 1,300,000 square mile area include municipal power systems, such as the Members, cities and towns, rural electric cooperatives, public utility and irrigation districts, federal and state agencies, Native American tribes, investor-owned utilities (only one of which has an allocation of federal hydropower from Western) and marketers. Western annually markets and transmits 10,489 MW of electric power generated by fifty-seven hydropower plants operated by the United States Bureau of Reclamation, the Corps of Engineers and the International Boundary and Water Commission. Western operates and maintains 17,008 circuit miles of transmission lines, 296 substations and related electric facilities.

Each of the Participants, except TDPUD, has a firm allocation of CRSP capacity and energy that is purchased pursuant to an Integrated Contract for Electric Service between Western and UAMPS, as amended from to time to time including by the Replacement Purchase Options Amendment, and a parallel contract between UAMPS and each of the Participants (collectively, the *"CRSP Contract"*). Under the CRSP Contract, Western is obligated to furnish firm electric service, subject to the available capacity of substation and transmission facilities, to the points of delivery. UAMPS acts as a single purchasing agent and schedules purchases of CRSP energy for the Participants and the other Members of UAMPS. The current CRSP Contracts became effective on December 1, 1989 and extend through September 30, 2024. The CRSP Contracts contain mechanisms for addressing operational changes and reduced generating levels resulting from the Record of Decision for the Glen Canyon Dam Environmental Impact Statement, including provision by Western or UAMPS to supply the additional necessary resources in the event Western lacks sufficient hydroelectric generation to meet its commitment to UAMPS' Members, and the costs and charges associated with acquiring this additional power.

Western is obligated to review annually its rates for CRSP energy to ensure that such rates generate sufficient revenues to cover the operating and other expenses of CRSP. Western's current composite rate of 29.62 mills/kWh has been in effect since October 1, 2009. The current rate schedule will expire September 30, 2013, and may be adjusted upon evaluation of changed costs in the operation, maintenance, purchased power expense and interest expense from the continued drought in the Colorado River Region. In addition, Western established a Cost

Recovery Charge (CRC) in order to recover costs in times when hydropower generation is low and actual purchased power expenses are higher than forecasted. There is no CRC for 2012.

The Bureau of Reclamation is preparing an environmental impact statement (EIS) on the adoption of a long-term experimental plan for the future operation of Glen Canyon Dam and other associated management activities, which could result in changes in power production due to modifications of water releases during experimentation and drought. Western will be required to obtain replacement power during these periods of experimentation. The magnitude and duration of such purchases resulting from the long-term experimentation plan has not yet been determined. The CRC may be utilized as a method to recover short term revenue deficiencies.

HUNTER PROJECT

The Hunter Project consists of UAMPS' undivided 14.582% ownership interest in Hunter 2, a 446 MW coal-fired electric generating unit located in Emery County, Utah. Hunter 2 has been in commercial operation since June 1 1980. Hunter 2 is jointly owned by PacifiCorp, UAMPS and Deseret Generation & Transmission Co-operative (*"Deseret G&T"*) and is operated by PacifiCorp pursuant to an Ownership and Management Agreement among the co-owners. Under the Ownership and Management Agreement, PacifiCorp has agreed, subject to the occurrence of certain uncontrollable forces, to supply sufficient quantities of coal and water to permit operation of Hunter 2 at an average plant factor of 65% for a 35-year period extending to 2015.

UAMPS sells the output of the Hunter Project to 21 participating Members under power sales contracts dated as of June 1, 1982, as amended, with two other Members participating in the Hunter Project under assignments from original participnats (the *"Hunter 2 Contracts"*). The Hunter 2 participants are required to pay all of UAMPS' operating, fuel, debt service, administrative and other costs of Hunter 2 equal to the percentage of output that they are entitled to receive from UAMPS' ownership interest. Such costs are billed monthly. Payments by the Hunter 2 participants are made on a "take-or-pay" basis.

To the date of this Official Statement, Hunter 2 has proved to be a highly reliable generating unit. UAMPS reports that there have been no material payment defaults by any of its participants under the Hunter 2 Contracts and the Hunter 2 participants have never been billed increased amounts as a result of a payment default by another participant.

The Hunter 2 participants have agreed in their Hunter 2 Contracts that they will charge and collect rates and charges for the electric service they provide to provide sufficient revenues to meet timely their payment obligations under their Hunter 2 Contracts and to pay timely all other amounts constituting a charge on their electric revenues. UAMPS has pledged the payments made by the Hunter 2 participants to secure bonds issued to finance and refinance the Hunter 2 Project. All outstanding Hunter 2 bonds will be retired on April 1, 2012.

SAN JUAN PROJECT

UAMPS acquired its San Juan Project from Public Service Company of New Mexico (*"PNM"*) in 1994. UAMPS' San Juan Project consists of a 7.028% undivided ownership interest, providing approximately 35 MW of capacity, in Unit 4 of the San Juan Generating Station, together with undivided interests in certain common facilities and certain related interests and equipment.

UAMPS sells the output of the San Juan Project to 16 participating Members under Power Sales Contracts dated as of July 1, 1993 (collectively, the *"San Juan Power Sales Contracts"*) to meet a portion of their needs for baseload power supplies. Pursuant to the San Juan Power Sales Contracts, each of the San Juan participants has agreed to make payments to UAMPS in respect of the San Juan Project on a "take-or-pay" basis.

UAMPS' ownership of the San Juan Project is governed by the Amended and Restated San Juan Project Participation Agreement dated March 23, 2006 (the *"Project Participation Agreement"*). Under the Project Participation Agreement, PNM, as operating agent, has agreed, among other things, to maintain a supply of coal consistent with prudent utility practice and operate the San Juan Station in compliance with the contracts under which water is delivered to the San Juan Station.

UAMPS issued its San Juan Project Revenue Bonds to finance and refinance a portion of the cost of acquisition of the San Juan Project. UAMPS currently has outstanding $23.8 million of San Juan Project Revenue Bonds outstanding, which will mature through 2023. Additional San Juan Project Revenue Bonds may be issued in 2012 or 2013 to finance UAMPS' share of the cost of new and improved emissions control and environmental systems at the San Juan Generating Station. The scope and cost of these environmental improvements is not yet known.

IPP PROJECT

Intermountain Power Agency (*"IPA"*) is a political subdivision of the State of Utah and was organized in 1977 by 23 Utah municipalities under the Act. The Intermountain Power Project (*"IPP"*) is currently in operation and includes a two-unit, coal-fired, steam-electric generation station, having a net capability of 1,800 MW, together with associated transmission lines and converter stations. The Department of Water and Power of the City of Los Angeles (the *"Department"*) is the operating agent for IPP. The generation station is located near Lynndyl, Utah, approximately 100 miles southwest of Salt Lake City. As a portion of IPP, IPA has constructed transmission facilities to certain points of delivery to serve its participants, consisting of a northern and southern system. The northern transmission system includes two 345 kV alternating current lines connecting the generation station with the PacifiCorp transmission system near Mona, Utah, and a 230 kV alternating current line connecting the generation station and the Gonder Substation near Ely, Nevada. IPA and PacifiCorp have interconnected the 345 kV lines with the PacifiCorp system. The California Purchasers (defined below) in IPP utilize a direct current southern transmission system to transmit their entitlements in IPP and pay the costs associated with such system.

IPA has outstanding approximately $1.9 billion of bonds, notes and other obligations (including notes issued to the Department in exchange for certain prepayments made by it) that were issued to finance and refinance the costs of IPP.

The purchasers of electric power and energy supplied by IPP are 36 utilities (the *"Purchasers"*) consisting of: the Department and the California cities of Anaheim, Riverside, Burbank, Glendale and Pasadena (collectively, the *"California Purchasers"*); PacifiCorp; 23 Utah municipalities (collectively, the *"Utah Purchasers"*); and six rural electric cooperatives which provide electric service in Utah, Arizona, Colorado, Nevada and Wyoming (collectively, the *"Cooperative Purchasers"*).

IPA Power Sales Contracts. IPA has sold the entire capability of the IPP to the 36 Purchasers pursuant to separate power sales contracts between IPA and each Purchaser (the *"IPA Power Sales Contracts"*). Under the IPA Power Sales Contracts, each Purchaser, including certain of the Participants, is entitled to IPP generation and transmission capabilities based on its respective generation entitlement share and transmission entitlement share and is obligated to make payments therefor on a "take-or-pay" basis, that is, whether or not IPP or any part thereof has been completed, is operating or is operable or its output is suspended, interrupted, interfered with, reduced or curtailed or terminated in whole or in part. The payment obligations under the IPA Power Sales Contracts constitute operating expenses of the respective California Purchasers and Utah Purchasers, including certain of the Participants, payable solely from their electric revenue funds, and constitute general obligations of PacifiCorp and the other Cooperative Purchasers.

The following table sets forth the percentages and amounts of the net generation capability of IPP available to the California Purchasers, PacifiCorp, the Utah Purchasers, including the Major Purchasers and the Cooperative Purchasers under the IPA Power Sales Contracts.

	Generation Entitlement Share	Capability (MW)
California Purchasers	74.943%	1,349.0
PacifiCorp	4.000	72.0
Utah Purchasers	14.040	252.7
Cooperative Purchasers	7.017	126.3
Totals	100.000%	1,800.0

Excess Power Sales Agreement. Because the capability of IPP purchased by the Utah Purchasers and the Cooperative Purchasers was expected to be in excess of their needs, these Purchasers, entered into an Excess Power Sales Agreement, as amended (the *"Excess Power Sales Agreement"*), in 1980 providing for the sale of all or part of their IPP capability to four of the California Purchasers, the Department, Burbank, Glendale and Pasadena (the *"Excess Power Purchasers"*).

Although the Excess Power Sales Agreement does not reduce or modify the obligations of the Utah Purchasers under the IPA Power Sales Contracts, the Excess Power Purchasers are obligated to make payments under the Excess Power Sales Agreement, on a "take-or-pay" basis, equal to the amounts due by the Utah Purchasers under the IPA Power Sales Contracts with respect to the capacity sold pursuant to the Excess Power Sales Agreement and, to the extent such payments are made, the Utah Purchasers are relieved from their obligations under their IPA Power Sales Contracts.

Under the provisions of the Excess Power Sales Agreement, the Utah Purchasers may recall from the Excess Power Purchasers all or any portion of their aggregate 14.040% entitlements to the use of the capability of IPP, subject to the lead times and other requirements of the Excess Power Sales Agreement. Pursuant to these provisions, certain of the Utah Purchasers have elected to recall portions of their entitlements to the capability of IPP on a seasonal basis. The following table shows the aggregate amount the IPP entitlements and capability that has been recalled by the Utah Purchasers:

	GENERATION ENTITLEMENT	CAPABILITY (MW)
2012 Summer Season(1)	2.632%	47.4
2012-13 Winter Season(2)	2.063	37.1
2013 Summer Season(1)	1.771	31.9
2013-14 Winter Season(2)	1.529	27.5
Future Summer Seasons(1)(3)	0.204	3.7
Future Winter Seasons(2)(3)	0.000	0

(1) Summer Seasons begin March 25 and end September 24.
(2) Winter Seasons begin September 25 and end March 24.
(3) Additional amounts may be recalled by the Utah Purchasers for future Summer Seasons and future Winter Seasons upon compliance with the lead times and other requirements of the Excess Power Sales Agreement.

The Utah Purchasers have committed to sell to the Excess Power Purchasers through March 24, 2013, their entitlements to IPP capability in excess of the amounts they have recalled.

UAMPS (in its capacity as successor to Intermountain Consumer Power Association) acts as agent of the Utah Purchasers under the Excess Power Sales Agreement. All of the Utah Purchasers are Members of UAMPS, and they have established the IPP Project within UAMPS to coordinate and optimize the utilization of their capacity entitlements in IPP.

Recent Developments. On December 28, 2011, Unit 1 of the IPP failed as a result of an internal fault in the stator winding of its electric generator. IPA, the Department (in its capacity as operating agent) and the Intermountain Power Service Corporation (*"IPSC"*) are continuing to examine the factor(s) that contributed to Unit 1's failure and the extent to which any particular factor contributed to that failure. The original equipment manufacturer has been on site since the failure and completed an evaluation to determine the scope of work necessary to repair the damage. The repair work, which includes replacing the failed parts and rewinding the stator and rewinding the field, is now in process and Unit 1 is scheduled to be returned to service by

June 26, 2012. IPSC has advised that it does not expect that the failure of Unit 1 will affect the ability of IPP to remain in compliance with all applicable permit requirements and conditions. In addition, IPSC reports that inspections of Unit 2's electric generator have been completed and modifications to it have been made that are expected to ensure its continued reliability.

FIRM POWER PROJECT

UAMPS has established the Firm Power Project to provide for the acquisition by UAMPS of firm supplies of power and energy under contracts with other power suppliers. The firm power supplies acquired by UAMPS are resold to the participants in the Firm Power Project at cost under the Firm Power Supply Agreements between UAMPS and the participating Members. The Firm Power Supply Agreements are master agreements that can accommodate multiple power supply transactions. As of the date of this Official Statement, the transaction described in the following paragraph is the only active transaction under the Firm Power Project.

In 2003, UAMPS entered into a long-term power purchase agreement for up to 15.6 MW of the output from a wind turbine electrical generation facility in Uinta County, Wyoming. UAMPS has sold all of the energy available to it under its long-term power purchase and exchange agreement with PPM to 19 of its Members at a fixed price that recovers all of UAMPS' costs in purchasing and delivering the energy to each of the participating Members.

HORSE BUTTE WIND PROJECT

The Horse Butte Wind Project consists of UAMPS' right to purchase the output of a 57.6 MW wind powered electric generating facility (the *"Facility"*) located on over 17,000 acres of land in Bonneville County, Idaho, East of Idaho Falls. UAMPS will purchase all such output pursuant to a Power Purchase Agreement, dated as of October 22, 2010 (the *"Power Purchase Agreement"*), with Horse Butte Wind I LLC, the owner of the Facility (the *"Owner"*), and will, pursuant to the Power Purchase Agreement, have the option to purchase the Facility at certain specified dates. The size of the Facility may be increased up to 99 MW.

The Facility is currently under construction and UAMPS is acting as the developer of the Facility in connection with the acquisition and construction of the Facility. Commercial operation of the Facility is expected in the Summer of 2012. UAMPS expects to issue its Horse Butte Wind Project Revenue Bonds in 2012 to finance a portion of the prepayment for a specified 20-year supply of electricity from the Facility pursuant to the Power Purchase Agreement. Pursuant to the Power Purchase Agreement UAMPS will also purchase all Facility output in excess thereof and all environmental attributes associated with all Facility output.

All of the output of the Facility and associated environmental attributes has been sold by UAMPS to the Horse Butte Wind Project participants pursuant to Power Sales Contracts, dated as of August 1, 2010 (the *"HBW Contracts"*). Under the HBW Contracts, each of the participants has agreed to make payments to UAMPS in respect of all of the costs of the Horse Butte Wind Project on a "take-or-pay" basis and in amounts proportionate to the participant's entitlement share in the Horse Butte Wind Project. The payment obligations of the participants constitute operating expenses of their respective electric utility systems, payable solely from the available revenues of the system. The HBW Contracts cannot be terminated while any of the Horse Butte Wind Project Revenue Bonds are outstanding and constitute the principal source of the revenues pledged to the payment of the Horse Butte Wind Project Revenue Bonds.

CRAIG–MONA TRANSMISSION PROJECT

The Craig-Mona Transmission Project consists of the acquisition by UAMPS of the right to use a portion of the transmission capability of two interconnected 345 kV transmission lines, together with the right to use a portion of the capacity of certain related facilities. UAMPS utilizes the Craig-Mona Project to provide transmission access to suppliers of electric energy generated in eastern Utah, Colorado and Wyoming and has purchased both firm and non-firm energy on behalf of the Craig-Mona participants from these suppliers. Purchased energy is transmitted by the Craig-Mona Project to the Mona Substation, which is owned and operated by PacifiCorp.

UAMPS has sold all of the transmission capacity of the Craig-Mona Transmission Project to its ten participating Members pursuant to Transmission Service Contracts (the *"Transmission Service Contracts"*). Payments are to be made by the Craig-Mona participants under the Craig-Mona Transmission Service Contracts on a "take-or-pay" basis. Payments made by the Craig-Mona participants under the Transmission Service Contracts constitute operating expenses of their respective electric systems, payable solely from the revenues and other available funds of such systems. The obligation of each of the Craig-Mona participants under its respective Transmission Service Contracts is several and is not joint. All of the Craig-Mona Transmission Project Revenue Bonds issued by UAMPS have been retired.

CENTRAL-ST. GEORGE TRANSMISSION PROJECT

UAMPS has undertaken the Central-St. George Transmission Project on behalf of five of its Members in Washington County, Utah, to improve the quality and reliability of transmission service. The Central-St. George Transmission Project presently includes the following components: (1) a 345-138 kV substation; (2) 21 miles of double-circuit 138 kV transmission line; (3) a 138 kV switching station; (4) various 138 kV and 69 kV transmission lines and 138-69 kV substations; (5) an approximately 54% ownership interest in a 21-mile double circuit 345 kV transmission line (presently only one circuit has been energized at 138 kV, with the other circuit being energized as load growth requires) jointly owned with PacifiCorp; and (6) certain related facilities and improvements.

UAMPS has sold all of the transmission capacity of the Central-St. George Transmission Project to the Central-St. George participants pursuant to Transmission Service Agreements (the *"Central-St. George Transmission Service Agreements"*). Payments are to be made by the Central-St. George participants under the Central-St. George Transmission Service Agreements on a "take-or-pay" basis. Payments made by the Central-St. George participants under the Central-St. George Transmission Service Agreements constitute operating expenses of their respective electric systems, payable solely from the revenues and other available funds of such systems. The obligation of each of the Central-St. George participants under its respective Central-St. George Transmission Service Agreement is several and is not joint.

Approximately $40 million Central-St. George Transmission Project Revenue Bonds are now outstanding.

TRANSMISSION OF POWER SUPPLY RESOURCES

The Amended and Restated Transmission Service and Operating Agreement, as amended and supplemented (the *"ARTSOA"*), between UAMPS and PacifiCorp, is utilized by UAMPS to transmit most of the power supply resources described above, other than CRSP, to its Members. Under the ARTSOA, PacifiCorp has agreed to provide firm transmission service to UAMPS from various points of receipt to certain points of delivery, as scheduled by UAMPS. The ARTSOA is a network transmission agreement and provides for the wheeling by PacifiCorp of power and energy from resources specified by UAMPS to UAMPS' Members at specified rates set forth in the ARTSOA.

The ARTSOA permits UAMPS to designate additional points of receipt into PacifiCorp's transmission system for new power supply resources, as well as additional points of delivery for new Members and loads.

The current ARTSOA was entered into by UAMPS and PacifiCorp in 2001 to replace a similar agreement between the parties from 1992. The ARTSOA provides that it will remain in full force and effect so long as UAMPS is interconnected with PacifiCorp's system as set forth in the ARTSOA. The ARTSOA can be suspended or terminated only if: (1) an RTO is formed and new transmission arrangements are implemented that are acceptable to both parties or (2) both parties agree to implement a new agreement. As of the date of this Official Statement, an RTO has not been, and is not anticipated to be, formed in the area.

As a result of certain filings by PacifiCorp with FERC, UAMPS and PacifiCorp are currently engaged in settlement negotiations that could result in the revision of rates and various other provisions under the ARTSOA. Depending on the outcome, UAMPS' rates under the ARTSOA, including costs for transmission services provided to the Participants, could increase significantly. See "INVESTMENT CONSIDERATIONS—PacifiCorp FERC Filing to Change ARTSOA Rates" for a more detailed discussion.

See "INVESTMENT CONSIDERATIONS—Certain Factors Affecting the Electric Utility Industry" below for a discussion of various federal regulatory actions and initiatives regarding electric transmission.

NATURAL GAS PROJECT

The Natural Gas Project was formed in 2008 to acquire economical supplies of natural gas as fuel for electric generation (*i.e.*, purchase, sell, transport, hedge or store). Natural gas purchases may include spot, daily, monthly or short-term and prepaid transactions. The Natural Gas Project provides all fuel for the Payson Power Project. The Municipal Utility Finance Authority (*"MUFA"*) was formed pursuant to the California Joint Powers Act to take advantage of the California bonding market. UAMPS continues to pursue the economics of a prepaid gas transaction through MUFA.

RESOURCE PROJECT

Through its Resource Project, UAMPS conducts analyses and studies of new power supply and transmission projects for its Members. Separate studies are conducted for each new resource and the Members have the option of participating in all, some or none of these studies. The new resources presently under study include various thermal and renewable power supply projects in Utah and other states.

Through the Resource Project UAMPS has developed its Smart Energy Efficiency Program, designed to lower energy demand and cut costs for both its Members and the consumers they serve. The Smart Energy Efficiency Program helps participating Members track and improve energy efficiency for their own municipalities, identify and apply for local and federal grants, utilize Renewable Energy Certificates, evaluate and adopt appropriate net metering policies. The Smart Energy Efficiency Program also includes consumer education programs and incentives to reduce energy consumption and will include other programs in the future. The Smart Energy Efficiency Program is open to all Resource Project Participants.

MEMBER SERVICES PROJECT

The Member Services Project has been undertaken by UAMPS to address community needs. This project is available for equipment purchases or special services that improve service for the Members' customers. Services may include educational programs, material purchases and customer satisfaction surveys.

Hurricane, Santa Clara and Washington have used the Member Services Project to acquire and finance gas-fired generating units to provide peaking power and voltage support for their electric utility systems. Five separate generating units have been acquired and installed and are now in operation. Presently, Washington is entitled to receive all of the output of three of the generating units and Hurricane is entitled to receive all of the output of two of the generating units. Santa Clara and Hurricane have the option to take output from the generators now being used by Washington. Pursuant to capacity purchase agreements between UAMPS and these Participants, each Participant is responsible to pay the debt service and operations and maintenance costs attributable to each of its generators on a "take-or-pay" basis, and such costs constitute an operating expense of the Participant's electric utility system. UAMPS has issued its Member Services Project Generator Revenue Bonds to finance such projects. Approximately $3 million of Member Services Project Revenue Bonds are now outstanding.

GOVERNMENT AND PUBLIC AFFAIRS PROJECT

The Government and Public Affairs Project was formed to allow UAMPS to protect Members' interest by monitoring, influencing, suggesting legislation and educating governmental and regulatory agencies on a local, state and federal level. Members may choose to participate in political services for federal and/or state legislative activities. Additional political services may be added with the interest of the Members.

INVESTMENT CONSIDERATIONS

SPECIAL OBLIGATIONS

The Series 2012 Bonds and all other Bonds issued under the Indenture are special obligations of UAMPS. The Bonds are not an obligation of the State of Utah or any political subdivision of the State (other than UAMPS), nor are the Bonds an obligation, debt or liability of the Participants or of the other Members of UAMPS. Neither the faith and credit nor the taxing power of the State of Utah or any of its political subdivisions or any Participant or Member of UAMPS is pledged for the payment of the Bonds. No Bondholder or receiver or trustee in connection with the payment of the Bonds shall have the right to compel the State of Utah, any political subdivision of the State, any Member of UAMPS or any Participant to exercise its appropriation or taxing powers. UAMPS has no taxing power.

NO CLAIM ON GENERAL REVENUES OR ASSETS

The Series 2012 Bonds are payable and secured solely from the sources described in this Official Statement. The Series 2012 Bonds are not payable from and have no claim or lien upon the revenues or assets of any other project or undertaking of UAMPS. UAMPS is obligated to pay the Series 2012 Bonds only from the Revenues and other funds pledged pursuant to the Indenture. No mortgage or other security interest will be created against the Payson Power Project to secure the Series 2012 Bonds.

The Participants are obligated to make payments to UAMPS under the Power Sales Contracts solely from the available income and revenues of the local electric utility systems. The Participants are not obligated to make payments under the Power Sales Contracts out of any other funds or revenues. None of the Participants has pledged any of the revenues and income of its electric utility enterprise fund to secure its obligations under its Power Sales Contract with UAMPS and none of the Participants has pledged any other revenues, income or assets to secure such obligations.

CERTAIN PROVISIONS OF THE POWER SALES CONTRACTS

Transfer of Entitlement Share. Under the Power Sales Contracts, each Participant has covenanted not to assign all or any part of its Entitlement Share except in accordance with the requirements of the Power Sales Contracts. The Power Sales Contracts provide that a Participant may sell, assign or otherwise dispose of all or a portion of its Entitlement Share to other Participants or UAMPS members (each, an *"Assignee"*) upon satisfaction of certain conditions. Among several others, those conditions include the requirement that UAMPS shall have received an opinion of nationally recognized bond counsel to the effect that such sale, assignment or disposition will not by itself adversely affect the tax exempt status of interest on any of the Bonds (theretofore issued or thereafter to be issued as tax exempt obligations). In addition, if the Assignee is not a Participant, the senior debt, if any, of the Assignee, must be rated by at least one nationally recognized bond rating agency in a category generally recognized to be "investment grade." For a description of the provisions of the Power Sales Contracts relating to the sale, assignment or other disposition of Entitlement Shares, see "SECURITY AND SOURCES OF

PAYMENT FOR THE SERIES 2012 BONDS—Power Sales Contracts—*Transfer of Entitlement Shares*" and APPENDIX C.

As a result of these provisions of the Power Sales Contracts, the Participants and their Entitlement Shares and Debt Service Shares could change while the Series 2012 Bonds are outstanding, thus affecting the security for the Series 2012 Bonds.

UAMPS will covenant in its Continuing Disclosure Undertaking to file a reportable event notice with the Municipal Securities Rulemaking Board in the event any Participant transfers, assigns or otherwise disposes of all or a part of its Entitlement Share.

Mandatory Allocation of Defaulting Participant's Entitlement Share; Step-Up Limitation. A defaulting Participant is not relieved of any of its payment or other obligations under its Power Sales Contract. UAMPS may, upon notice to the defaulting Participant, cease and discontinue providing all or any portion of the Participant's Entitlement Share.

In such event, UAMPS must immediately make a mandatory allocation of the defaulting Participant's Entitlement Share and Debt Service Percentage among all of the nondefaulting Participants, pro rata on the basis of their original Entitlement Shares, as adjusted by any prior, non-mandatory assignments of Entitlement Shares (the *"Adjusted Entitlement Shares"*). The obligation of nondefaulting Participants to acquire a defaulting Participant's Entitlement Share is sometimes referred to in this Official Statement as the "step-up" obligation.

Following this mandatory allocation, each nondefaulting Participant must elect whether to permanently retain all or a portion of its allocation of the defaulting Participant's Entitlement Share. In the event any of the Participants elects not to retain all of its allocation of the defaulting Participant's Entitlement Share, UAMPS will offer the remaining allocation to any nondefaulting Participants that have requested additional Entitlement Shares. To the extent that any part of the defaulting Participant's Entitlement Share then remains unallocated, UAMPS must then reallocate the remaining portion of the defaulting Participant's Entitlement Share proportionally among those Participants that did not elect to retain all of their initial allocations.

However, in no event may the final allocations of a defaulting Participant's Entitlement Share, or the total of all mandatory reallocations of Entitlement Shares in the event of two or more Participant defaults under the Power Sales Contracts, cause any nondefaulting Participant's Entitlement Share to increase by more than 25% over its Adjusted Entitlement Share. In the event that this limitation affects any of the nondefaulting Participants to which a mandatory reallocation is made, UAMPS must proportionally reduce the mandatory reallocations to all other nondefaulting Participants. As a result of this 25% limitation, there could be portions of such defaulting Participants' Entitlement Shares that are not acquired by the nondefaulting Participants.

In the event that any portion of a defaulting Participant's Entitlement Share is not allocated for any reason, UAMPS shall use its best efforts to sell all or any part of the defaulting Participant's Entitlement Share first on terms and conditions comparable to those contained in the Power Sales Contracts, and then on the best obtainable terms and conditions, in either case in such a manner as shall not adversely affect the exclusion from gross income for federal income tax purposes of the interest on any of the Bonds issued as tax exempt obligations.

In the event that UAMPS is unable to so sell or dispose of any portion of the defaulting Participant's Entitlement Share within 180 days of commencing its best efforts so to do, UAMPS shall take such actions as UAMPS in its sole discretion shall deem necessary to ensure the availability of sufficient funds and revenues to enable UAMPS to meet its obligations under the Indenture and the other Financing Documents and the Project Agreements, including (a) selling all or any portion of the Project that is allocable to the defaulting Participant's Entitlement Share and shall apply the proceeds of such sale to the purchase, redemption or defeasance of the Bonds or to other purposes related to the Project, or (b) entering into contractual arrangements for the sale of all or any portion of the defaulting Participant's Entitlement Share or the Electric Energy associated therewith and taking such remedial actions as are available to it to preserve the tax exempt status of interest on the Bonds.

For a complete description of the "step-up" obligation and allocation procedures, see "SUMMARY OF CERTAIN PROVISIONS OF THE POWER SALES CONTRACTS" in APPENDIX C.

PACIFICORP FERC FILING TO CHANGE ARTSOA RATES

On May 26, 2011, PacifiCorp filed with FERC under section 205 of the Federal Power Act revisions to its Open Access Transmission Tariff (*"OATT"*) in order to replace or update its stated rates for various of its services, including replacing its stated network transmission service rates with formula rates, and make other changes. PacifiCorp initiated negotiations with UAMPS to revise the rates under the ARTSOA and make other changes, asserting that the rates in the ARTSOA no longer reflect PacifiCorp's cost of service to UAMPS. When negotiations were unsuccessful, on November 2, 2011, PacifiCorp filed an unexecuted Amended and Restated Transmission Service and Operating Agreement (the *"Unexecuted TSOA"*) with FERC for approval. The Unexecuted TSOA would modify the rates and other terms and conditions of the network transmission service provided to UAMPS by PacifiCorp under the ARTSOA to conform to the network transmission service provisions found in PacifiCorp's OATT as it may be modified in PacifiCorp's general transmission rate case. Specifically, the network service formula rate proposed in PaciCorp's current rate case would apply to transmission services for all of UAMPS' resources except for Hunter 2. The Unexecuted TSOA also includes a number of other revisions to the ARTSOA. PacifiCorp requested that the Unexecuted TSOA become effective as early as January 2, 2012.

UAMPS responded, asserting that PacifiCorp's filing far exceeded PacifiCorp's rights under the ARTSOA to file unilaterally to revise it. UAMPS contends that the replacement of the ARTSOA with the Unexecuted TSOA requires mutual consent. UAMPS has also asserted that PacifiCorp has not met its burden of showing that the proposed changes to the ARTSOA are just and reasonable, as a result of flawed data and analyses presented by PacifiCorp.

On December 30, 2011, FERC issued an order determining that PacifiCorp's proposal raised issues that could not be resolved based on the record, and that were more appropriately addressed in hearing and settlement judge procedures. FERC's preliminary analysis indicated that PacifiCorp's filing has not been shown to be just and reasonable and that the proposed rates may be substantially excessive. FERC's order also stated that the hearing should consider the threshold issue of whether it is appropriate to replace provisions agreed to by the parties in the ARTSOA with PacifiCorp's OATT rates, terms and conditions for network transmission service. FERC determined to accept PacifiCorp's proposed rates for filing, suspend them for five months, make them effective June 2, 2012, subject to refund and set them for hearing and settlement judge procedures.

If settlement negotiations fail, a trial-type evidentiary hearing will be held. Depending on the outcome of settlement negotiations and the hearing, if one is held, UAMPS rates under the ARTSOA could increase significantly. The rates would apply to transmission services for all of UAMPS' resources except for Hunter 2.

See "POWER SUPPLY AND TRANSMISSION RESOURCES–Transmission of Power Supply Resources" for a description of the ARTSOA.

FUEL SUPPLY MATTERS

Fuel costs account for a significant component of the total costs of the Project and have a significant effect upon Project economics. A wide range of factors could affect the future availability and price of natural gas and firm or non-firm gas transportation services for the Project, including general market conditions and disruptions in the natural gas markets, force majeure events (such as catastrophes, wars and similar events). These factors may be outside of the control of UAMPS and its gas supply and transportation contracts. Disruptions in the supply or price of natural gas for the Project may materially and adversely affect Project economics.

CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY

The U.S. electric utility industry is in a period of significant change and is facing a range of challenges and uncertainties that will continue to impact the financial and operating position of investor-owned, cooperative and municipal electric utilities, including UAMPS and the Participants. Much of the change results from actions taken by legislative and regulatory bodies at the national, regional and state level.

Energy Policy Act of 2005. On August 8, 2005, the Energy Policy Act of 2005 (the *"2005 Energy Policy Act")* was signed into law. The Energy Policy Act of 2005 provides incentives for traditional energy production as well as newer, more efficient energy technologies, and conservation. The 2005 Energy Policy Act provides for, among other things: (i) the repeal of the Public Utility Holding Company Act (*"PUHCA"*), although some responsibilities under PUHCA are transferred to FERC and state regulatory commissions; (ii) a grant to FERC of authority to site transmission facilities if states are unwilling or unable to approve siting; (iii) a directive to FERC to permit incentive rate policies as a means to encourage transmission expansion; (iv) revisions to the Public Utility Regulatory Policies Act; (v) the establishment of service obligation protections for native load customers of utilities in certain areas of the country; (vi) the creation of limited FERC jurisdiction over interstate transmission assets of municipal utilities, cooperatives and federal utilities, to permit FERC to order those entities to provide transmission services on rates and terms comparable to those that the entities charge and provide to themselves; (vii) the establishment of mandatory electric reliability rules for all market participants and the creation of a self regulatory reliability organization, subject to oversight by FERC; and (viii) the provision of certain tax incentives to encourage expansion of transmission facilities and improvement of environmental standards. As directed by the 2005 Energy Policy Act, FERC has adopted many of the applicable implementing regulations.

FERC continues to issue regulations and decisions interpreting and implementing the various provisions of the 2005 Energy Policy Act. UAMPS is not able to predict at this time the effects, if any, that the 2005 Energy Policy Act or the adoption of such regulations will have on UAMPS, the Participants or the other Members of UAMPS.

*FERC Transmission Regulation***.** The National Energy Policy Act of 1992 (the *"Energy Policy Act"*) included provisions that promoted competition in wholesale electric markets by, among other things, easing restrictions on wholesale power producers and by allowing FERC to order transmission access for wholesale buyers and sellers of electricity over transmission systems owned by "transmitting utilities."

In 1996, FERC issued its Order 888, which requires jurisdictional utilities to file wholesale transmission tariffs providing pricing and terms for transmission access for wholesale purposes. FERC Order 888 also requires non-jurisdictional utilities (including municipal and consumer-owned utilities) that purchase transmission services from a jurisdictional utility to provide, in turn, non-discriminatory, open access transmission services back to the jurisdictional utility upon terms and conditions that are comparable to the transmission service that they provide to themselves. FERC Order 889 (i) imposes certain standards of conduct intended to restrict transmission-owning utilities from using those facilities to obtain an unfair competitive advantage in power sales transactions and (ii) requires utilities to post information electronically regarding the availability and pricing of their transmission services.

The Energy Policy Act does not permit FERC to order transmission access for purchases or sales of electricity at retail (commonly known as *"retail wheeling"*). However, various bills have been introduced in prior sessions of Congress that would require existing utilities to allow competitors to use their transmission and distribution facilities to provide electric service to retail customers of the existing utilities. Various states have implemented or are considering legislative or regulatory proposals that would also allow such use of utility property by competitors to serve the retail customers of the existing utilities.

FERC Transmission Reliability Initiative. Section 215 of the Federal Power Act, which was enacted by the 2005 Energy Policy Act, provides for FERC to establish a system of mandatory, enforceable reliability standards. FERC has designated the North American Electric Reliability Council (*"NERC"*) as the Electric Reliability Organization to develop the reliability standards for submittal to FERC for approval and then administer the approved standards with the industry.

The reliability standards apply to all users, owners and operators of the bulk power system within the United States (other than Alaska or Hawaii) and requires that each reliability standard identify the subset of users, owners and operators to which that particular reliability standard applies. Violations of the reliability standards may result in penalties, which FERC continues to monitor and adjust. UAMPS is in compliance with all of the current applicable reliability standards but is not able to predict the effects, if any, that future standards or changes to current standards will have on UAMPS, the Participants or the Project.

Utah Legislative Activities. In March 2008 the Utah Legislature adopted Senate Bill 202–Energy Resource and Carbon Emission Reduction Initiative (*"S.B. 202"*), which provides that 20% of a municipal electric utility's or electrical corporation's adjusted retail electric sales beginning in 2025 come from renewable energy resources or renewable energy certificates, if cost effective. S.B. 202 does not provide for any incremental targets or goals before 2025, but does require reports concerning a municipal electric utility's progress in acquiring qualifying resources. S.B. 202 does not require an electric utility to (i) substitute renewable energy resources for existing energy sources, including existing power purchase contracts and generation units or (ii) enter into any additional power sales contracts or any other arrangement for the sale or disposition of electricity that such electric utility would not otherwise enter into. The financial and operational impact, if any, on UAMPS and the Participants resulting from, the adoption of S.B. 202 is not known at this time.

In recent legislative sessions, the Utah Legislature has considered and adopted several other bills and resolutions relating to various energy policy matters, including economic development incentives for alternative energy projects, encouragement of municipally-owned utilities to consider participating in renewable energy projects and encouragement of the State of Utah to withdraw from the Western Climate Initiative. During the 2011 general session, the Utah Legislature passed House Joint Resolution 19, which expressed the Legislature's opposition to the EPA's regulation of greenhouse gases without Congressional approval. The EPA's recent efforts to regulate mercury and greenhouse gases are discussed below under "Environmental and Technological Matters."

The financial and operational impact, if any, on UAMPS and the Participants resulting from the bills and resolutions adopted by the Utah Legislature is not known at this time.

Other Factors. In addition to these legislative and regulatory actions, a number of other factors are having or may have significant impacts on the electric utility industry generally and on the financial and operating condition of individual utilities. These factors include, among other things:

- changes resulting from conservation and demand-side management programs on the timing and use of electric energy;

- the development and impact of alternate energy sources;

- changes resulting from a national energy policy;

- effects of competition from other electric utilities (including increased competition resulting from mergers, acquisitions and strategic alliances of competing electric and natural gas utilities and from competitors transmitting less expensive electricity from much greater distances over an interconnected system) and new methods of, and new facilities for, producing low-cost electricity;

- increased competition from independent power producers and marketers, brokers and federal power marketing agencies;
- "self-generation" or "distributed generation" (such as microturbines and fuel cells) by industrial and commercial consumers and others;
- changes in systems, including systems that would provide certain customers with the ability to generate their own electrical power and reduce or eliminate their dependency on power provided by UAMPS and the Participants;
- volatility in the price of energy purchased on the wholesale market that may occur in times of high peak demand;
- unavailability of or substantial volatility in the cost of coal or natural gas used as fuel for generation facilities;
- availability and sufficiency of transmission capacity, particularly during times of high demand; and
- local, regional and national economic conditions.

It is not possible to predict what impact these and other factors will have on the financial and operating position of UAMPS or the Participants. The foregoing discussion is a general summary of complex matters. This discussion is not comprehensive or definitive and the matters discussed are subject to change.

ENVIRONMENTAL AND TECHNOLOGICAL MATTERS

Electric utilities are subject to continuing environmental regulation. UAMPS must maintain various environmental permits and approvals from state and federal agencies in order to operate the Project. To date, UAMPS has obtained and is in compliance with all environmental permits and approvals necessary for the operation of the Project. However, federal, state and local standards and procedures that regulate the environmental impact of electric utilities are subject to change. These changes may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures. Consequently, there is no assurance that the Project and the utility facilities operated by the Participants will remain subject to the regulations currently in effect, will always be in compliance with future regulations or will always be able to obtain all required operating permits. An inability to comply with environmental standards could result in reduced operating levels or the complete shutdown of individual electric generating units not in compliance.

There is increased concern by the public, the scientific community and Congress regarding environmental damage resulting from the use of fossil fuels. There are a number of pending or recently enacted legislative proposals in Congress that may affect the electric utility industry. Increased environmental regulation has created and may create additional barriers to new facility development and modification of existing facilities. The additional costs, including time, human resources, uncertainty and delay, could increase the cost of electricity from affected resources.

Although many of the environmental and technological matters discussed below do not have the potential to significantly affect natural gas-fired generating facilities like the Project, many of these matters do or will significantly affect other types of generation that UAMPS or the Participants own or from which they receive power.

Clean Air Act. Legislation was enacted in 1990 that substantially revised the Clean Air Act (the *"1990 Amendments"*). The 1990 Amendments seek to improve ambient air quality throughout the United States. A main objective of the 1990 Amendments is the reduction of sulfur dioxide (SO_2) and nitrogen oxides (NO_x) emissions caused by electric utility power plants, particularly those fueled by coal. Under the 1990 Amendments, SO_2 emission reduction was to be achieved in two phases. Effective January 1, 2000, total United States SO_2 emissions are capped at 8.9 million tons per year. The 1990 Amendments contain provisions for allocating annual allowances under the cap to power plants based on historical or calculated levels.

National Ambient Air Quality Standards. The Clean Air Act requires the EPA to set National Ambient Air Quality Standards (*"NAAQS"*) for pollutants considered harmful to public health and the environment, and each state is required to develop an implementation plan to attain and maintain the standards. The pollutants for which the EPA is required by the Clean Air Act to set NAAQS are ozone, particulate matter, nitrogen oxides, carbon monoxide, sulfur oxides and lead. The Clean Air Act requires the EPA every five years to review the standards and, as necessary, to revise them to ensure that they sufficiently protect public health and welfare.

The EPA recently increased the stringency of the NAAQS for three pollutants, nitrogen dioxide, sulfur dioxide and particulate matter. The EPA has also recently proposed a rule for the secondary NAAQS for nitrogen dioxide and sulfur dioxide, which was published in the Federal Register on August 1, 2011. The EPA also proposed to lower the NAAQS for ozone. However, on September 2, 2011, President Obama directed the EPA to withdraw this proposal. The EPA will continue to issue non-attainment designations based on the current ozone NAAQS. Designation of non-attainment areas for ozone may result in more stringent permitting processes for new or modified sources of emissions and additional state restrictions on existing sources of emissions.

Greenhouse Gas and Climate Change Issues. In April 2009, the EPA issued final findings that (i) the current and projected concentrations of the mix of six key greenhouse gases (GHGs)—carbon dioxide, methane, nitrous oxide, hydroflourocarbons, perfluorocarbons and sulfur hexafluoride—in the atmosphere threaten the public health and welfare of current and future generations; and (ii) the combined emissions of these well-mixed greenhouse gases from new motor vehicles and new motor vehicle engines contribute to the greenhouse gas pollution which threatens public health and welfare. These findings were published in the Federal Register on December 15, 2009.

On October 30, 2009, the EPA published a final rule requiring mandatory reporting of greenhouse gas emissions from large greenhouse gas emissions sources. The first annual reports were due September 30, 2011.

On May 13, 2010, the EPA issued a final rule that requires Prevention of Significant Deterioration (*"PSD"*) and Title V operating permits to be obtained by stationary sources, including power plants, satisfying certain thresholds and other criteria in connection with greenhouse gas emissions under the Clean Air Act permitting programs. Starting January 2, 2011, this rule began phasing in greenhouse gas permitting requirements, beginning with the largest emitters (those that emit 75,000 tons per year or more of GHGs) that were already subject to the PSD and Title V operating permit programs due to the amount of other regulated emissions. Phase 2 started July 1, 2011 and addressed any large source of GHG (those emitting 100,000 tons per year or more of GHGs) that was not previously subject to the PSD and Title V regulatory programs. The EPA will undertake additional rulemaking and studies to determine whether to apply the greenhouse gas permitting requirements to smaller sources. Phase 3, if established, will not require permitting for sources with greenhouse gas emissions below 50,000 tons per year. The EPA will not require permits for smaller sources in Phase 3 or through any other action until at least April 30, 2016. PSD permitting requirements in connection with GHGs would require a "best available control systems" (*"BACT"*) analysis.

On December 23, 2010, the EPA entered into two proposed settlement agreements with certain states and environmental groups to issue rules that will address GHG emissions from fossil fuel-fired power plants and refineries. The settlements (as amended on June 13, 2011) commit the EPA to issue proposed regulations by September 30, 2011, and finalized regulations by May 26, 2012, that set proposed performance standards for GHG emissions from new, modified and existing power plants. These standards are to be based on best available demonstrated control technology. In September 2011 the EPA announced that it would not meet the deadline to issue the proposed regulations. However, it has since submitted a draft regulation to the White House Office of Management and Budget for regulatory review and expects to publish it in the Federal Register in April 2012.

There have been judicial and legislative challenges to the EPA's determination to regulate GHGs. UAMPS cannot predict the outcome of such challenges or the effects on UAMPS, its projects (including the Payson Power Project) or the Participants of current or subsequent rulemaking by the EPA with regard to GHGs.

Fossil Fuel Combustion Waste. Fossil fuel combustion (*"FCC"*) wastes are wastes produced from the burning of fossil fuels (including coal, oil and natural gas), and include ash, slag and particulates removed from flue gas. FCC wastes are categorized by the EPA as a "special waste" and have been exempted from federal hazardous waste regulations under Subtitle C of the Resource Conservation Recovery Act (*"RCRA"*)

On May 4, 2010, the EPA issued a proposed rulemaking to regulate coal combustion byproducts (*"CCBs"*). The proposal asks for public comment on two approaches for regulating CCBs. One option is to regulate CCBs as a hazardous waste under Subtitle C of the RCRA, which allows the EPA to create a comprehensive federal program for waste management and disposal of CCBs. The other option is to regulate CCBs as a non-hazardous waste under Subtitle D of the RCRA, which provides the EPA with the authority to develop performance standards for waste management facilities handling the CCBs and would be enforced primarily through citizen suits. Both options allow for continued use of CCBs in beneficial applications. The EPA's proposal does not address the placement of CCBs in surface mine pits for reclamation. On June 21, 2010, the EPA published the proposed rule in the Federal Register. The public comment period on the proposed rule ended November 19, 2010. The EPA subsequently published a Notice of Data Availability that announced and invited public comment on additional information obtained by the EPA in conjunction with the June 21, 2010 proposed rule. The comment period closed on November 14, 2011.

UAMPS is unable to predict the effects of the EPA's proposed rulemaking with regard to CCBs on UAMPS, its projects or the Participants.

Regional Haze. The EPA's regional haze rule requires emissions controls using best available retrofit technology (*"BART"*) for industrial facilities emitting air pollutants that reduce visibility. Such pollutants include fine particulate matter (*"$PM_{2.5}$"*) and compounds that contribute to $PM_{2.5}$ such as nitrogen oxides, sulfur dioxides, certain volatile organic compounds and ammonia. The regional haze rule includes BART guidelines for states to use in determining which facilities must install controls and the type of controls the facilities must use. States were to submit their implementation plans by December 2007 and among required elements of these plans, states are required to include determinations of BART for certain sources that emit pollutants that impair visibility and long-term strategies to ensure that progress is made. On December 23, 2011, the EPA proposed to approve the trading program in the Cross-State Air Pollution Rule (*"CSAPR"*) (discussed below) as an alternative to determining source-by-source BART for sulfur dioxide and/or nitrogen oxide emissions from power plants. Utah is not subject to the CSAPR.

As a result of the regional haze rule, the EPA has proposed a federal implementation plan (FIP) for the State of New Mexico (which is not one of the 31 states subject to the CSAPR) that may require installation of costly "selective catalytic reduction" systems at the San Juan Project. UAMPS is unable to predict the full effects of the EPA's regional haze rulemaking on UAMPS, its projects and the Participants.

Cross-State Air Pollution Rule. The EPA has proposed the CSAPR, which would require the reduction of NO_x and SO_2 in 28 targeted states in the eastern United States beginning in 2012. The CSAPR is intended to replace the Clean Air Interstate Rule (*"CAIR"*). However, in December 2011 the U.S. Circuit Court for the District of Columbia stayed CSAPR. CAIR will stay in place until the D.C. Circuit makes a decision on the CSAPR. Utah is not one of the states subject to the rule.

Mercury and Air Toxics Standards. On March 15, 2005, the EPA issued the final Clean Air Mercury Rule (*"CAMR"*), which intended to cap total mercury emissions in the United States at 38 tons in 2015 and 15 tons in 2018. However, on February 8, 2008, the U.S. Court of Appeals for the District of Columbia Circuit vacated CAMR and instructed the EPA to regulate mercury emissions from coal-fired power plants under the National Emission Standards for Hazardous Air Pollutants in the Clean Air Act.

On March 16, 2011, the EPA issued a set of proposed rules titled "Mercury and Air Toxics Standards." The proposed rules establish national emission standards for mercury and other hazardous air pollutants from coal- and oil-fired power plants. The rules would require significant reductions in mercury and acid gas emissions from coal-fired power plants and would provide facilities with up to four years to meet the new standards.

The EPA announced the final rules (which were mainly unchanged from the proposed rules) on December 16, 2011. The rules apply to coal- and oil-fired electric generating units greater than 25 MW. The EPA estimates that the new rules will result in a total national annual cost of approximately $9.6 billion annually.

State of Utah. The State of Utah is also currently studying possible strategies to address emissions of greenhouse gas. Former Utah Governor Jon M. Huntsman, Jr., established the Blue Ribbon Advisory Council on Climate Change (the *"BRAC"*) in October 2006 to address the impacts of climate change. The BRAC recommended 72 alternatives for reducing greenhouse gas emissions, including a recommendation that the State set a greenhouse gas emissions reduction goal. In May 2007, the State became a partner in the Western Climate Initiative by an administrative act of the then-Utah Governor, however, it withdrew in 2011.

Future Legislation and Rules. Based on increasing national and international attention to climate change, federal and state legislative or regulatory action is expected in this area in the future. Specific requirements and timing is uncertain but may include a greenhouse gas emissions cap and trade system or a carbon tax for electric generating facilities. Compliance with the greenhouse gas emission reduction requirements could require electric utilities, at significant cost, to implement carbon capture and sequestration systems, purchase allowances or offsets or change the type of fuel their generation facilities use. The estimation of costs of compliance with future greenhouse gas legislation is subject to significant uncertainties, including timing of the implementation of rules, required levels of reductions, assumptions and variables, including timing of implementation of rules, required levels of reductions, allocation requirements, the maturation and commercialization or carbon capture and sequestration systems and associated regulations. UAMPS cannot predict the impacts of any legislative or regulatory proposals regarding greenhouse gas emission control requirements.

Various Congressional bills have been introduced in both the House of Representatives and the Senate that would require the reduction of emissions of sulfur dioxides, nitrogen oxides, mercury and carbon dioxide from coal-fired electric generating units. It is uncertain if or when any of these Congressional bills may be enacted into law and what effect, if any, such legislation will have on UAMPS or the Participants.

UAMPS cannot predict at this time whether any additional legislation or rules will be enacted that will affect the operations of the Payson Power Project, UAMPS or the Participants, and if such laws or rules are enacted, what the costs to UAMPS and the Participants might be in the future because of such action.

Electric and Magnetic Fields. A number of studies have been conducted regarding the potential long-term health effects resulting from exposure to electric and magnetic fields (*"EMF"*) created by high voltage transmission and distribution equipment. Additional studies are being conducted to determine the relationship, if any, between EMF and any possible adverse health effects. At this time, any such relationship appears inconclusive. At this time it is not possible to predict whether the EMF concerns will affect the operations of the Payson Power Project, UAMPS or the Participants.

PROPERTY AND CASUALTY INSURANCE

The Indenture requires that, subject in each case to the conditions that similar insurance is usually carried by utilities constructing and operating electric generation facilities comparable to the Payson Power Project and that such insurance is obtainable at reasonable rates and upon reasonable terms and conditions:

(1) UAMPS will secure and maintain, with responsible insurers, insurance on the physical properties of the Payson Power Project with a value in excess of $100,000 and public liability insurance in the amounts and against such risks as are usually insurable in connection with similar facilities and are normally carried by public utilities engaged in the operation of similar properties, and such insurance policies procured pursuant to this provision shall name the Trustee as an additional loss payee and shall not terminate or expire prior to thirty days after the Trustee has been notified of such termination or expiration;

(2) UAMPS will secure and maintain adequate fidelity insurance or bonds on the positions of any person or persons handling or responsible for funds of UAMPS related to the Payson Power Project; and

(3) UAMPS may, in its sole discretion, obtain business interruption insurance with respect to the Payson Power Project.

The Indenture requires that in the event any useful portion of the Project shall be damaged or destroyed, UAMPS shall determine whether to proceed with the reconstruction or replacement thereof or to terminate the Project. In making such determination, UAMPS shall obtain (and shall be entitled to rely upon) a report of a Qualified Engineer (as defined in the Indenture) setting forth such engineer's recommendations as to the reconstruction, replacement or termination of the Project. In the event that UAMPS determines not to reconstruct or replace the Project, the proceeds of any insurance received by UAMPS on account of such damage or destruction (other than any business interruption loss insurance), shall be deposited into a special account in the Bond Fund and shall be used, together with other legally available moneys for such purpose, to redeem or defease Bonds.

In the event that UAMPS determines to proceed with the reconstruction or replacement of the Project, the proceeds of any insurance not applied to repair or replace damaged or destroyed property are required to be deposited in the Revenue Fund.

The proceeds of business interruption loss insurance, if any, shall be paid into the Revenue Fund.

LITIGATION

There is no litigation pending or threatened against UAMPS questioning or in any manner relating to or affecting, among other things, the validity or enforceability of the Series 2012 Bonds or the Power Sales Contracts, the authority of UAMPS to own the Payson Power Project or the collection and pledge of and lien on the Revenues pursuant to the Indenture. It is a condition of closing that each of the Participants deliver a certificate to the effect that, among other things, there is no litigation pending or threatened against it questioning or in any manner relating to or affecting the validity or enforceability of its Power Sales Contract with UAMPS.

FINANCIAL STATEMENTS

The audited financial statements of UAMPS for the fiscal years ended March 31, 2011 and 2010 are included as APPENDIX D to this Official Statement. The balance sheet, statement of revenues and expenses and statement of cash flows information set forth in such financial statements includes the financial activities of all of UAMPS' projects. As described herein, the Series 2012 Bonds are special obligations of UAMPS, payable solely from the revenues and funds pledged under the Indenture and not from the revenues or funds derived from any other project of UAMPS. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2012 BONDS" above.

FINANCIAL ADVISOR

UAMPS has engaged Seattle-Northwest Securities Corporation, Salt Lake City, Utah as Financial Advisor in connection with the Series 2012 Bonds (the "*Financial Advisor*"). The Financial Advisor has provided financial recommendations and guidance to UAMPS with respect to preparation for and timing of the sale of the Series 2012 Bonds, bond market conditions, costs of issuance and other factors relating to the sale of the Series 2012 Bonds. The Financial Advisor has also read and participated in the drafting of certain provisions of this Official Statement. The Financial Advisor has not audited, authenticated or otherwise verified the information set forth in the Official Statement, or any other related information available to UAMPS, with respect to accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by the Financial Advisor respecting accuracy and completeness of, or any other matters related to, this Official Statement. Financial Advisor fees are contingent upon the sale and delivery of the Series 2012 Bonds.

UNDERWRITING

BMO Capital Markets and the other underwriters named on the cover page (the *"Underwriters"*), have agreed, subject to certain conditions, to purchase all of the Series 2012 Bonds from UAMPS at an price equal to $__________ (representing the principal amount of the bonds, plus original issue premium of $__________, less underwriter's discount of $__________).

The Underwriters have advised UAMPS that the Series 2012 Bonds may be offered and sold to certain dealers (including dealers depositing the Series 2012 Bonds into investment trusts) at prices lower than the initial public offering prices reflected on the cover page of this Official Statement and that such public offering prices may be changed from time to time.

BMO Capital Markets is the trade name for certain capital markets and investment banking services of Bank of Montreal and its subsidiaries, including BMO Capital Markets GKST Inc., which is a direct, wholly-owned subsidiary of BMO Financial Corp. which is itself a wholly-owned subsidiary of Bank of Montreal.

Wells Fargo Securities is the trade name for certain capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association. Wells Fargo Bank, National Association ("*WFBNA*"), one of the underwriters of the Series 2012 Bonds, has entered into an agreement (the "*Distribution Agreement*") with Wells Fargo Advisors, LLC ("*WFA*") for the retail distribution of certain municipal securities offerings, including the Series 2012 Bonds. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2012 Bonds with WFA. WFBNA and WFA are both subsidiaries of Wells Fargo & Company.

TAX EXEMPTION

FEDERAL

Federal tax law contains a number of requirements and restrictions which apply to the Series 2012 Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. UAMPS and the Participants covenanted to comply with all requirements that must be satisfied in order for the interest on the Series 2012 Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Series 2012 Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2012 Bonds.

Subject to compliance by UAMPS and the Participants with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Series 2012 Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. Interest on the Series 2012 Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of UAMPS and the Participants with respect to certain material facts within UAMPS' and the Participants' knowledge, and upon the mathematical computation of the yield on the Bonds and the yield on certain investments by Grant Thornton LLP. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the *"Code"*), includes provisions for an alternative minimum tax (*"AMT"*) for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income (*"AMTI"*), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include certain tax-exempt interest, including interest on the Series 2012 Bonds.

Ownership of the Series 2012 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Series 2012 Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the *"Issue Price"*) for the Series 2012 Bonds is the price at which a substantial amount of the Series 2012 Bonds is first sold to the public. The Issue Price of a maturity of the Series 2012 Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

Owners of Series 2012 Bonds who dispose of Series 2012 Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Series 2012 Bonds in the initial public offering, but at a price different from the Issue Price or purchase Series 2012 Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Series 2012 Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Series 2012 Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Series 2012 Bonds.

An investor may purchase a Series 2012 Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Series 2012 Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Series 2012 Bond. Investors who purchase a Series 2012 Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its affect on the Series 2012 Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Series 2012 Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Series 2012 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Series 2012 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the *"Service"*) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Series 2012 Bonds. If an audit is commenced, under current procedures the Service may treat UAMPS as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Series 2012 Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Series 2012 Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Series 2012 Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Series 2012 Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

STATE OF UTAH

In the opinion of Bond Counsel, under the existing laws of the State of Utah presently enacted and construed, interest on the Series 2012 Bonds (including "original issue discount" thereon to the extent excludable from federal gross income as described above) will be exempt from taxes imposed by the Utah Individual Income Tax Act. Bond Counsel expresses no opinion with respect to (1) any other taxes imposed by the State of Utah or any other political subdivision thereof or (2) any collateral tax consequences arising with respect to the Series 2012 Bonds under Utah law.

Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Series 2012 Bonds. Prospective purchasers of the Series 2012 Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

CONTINUING DISCLOSURE

UAMPS will enter into a Continuing Disclosure Undertaking (the *"Undertaking"*) for the benefit of the Beneficial Owners of the Series 2012 Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the *"Rule"*) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and the other terms of the Undertaking, including termination, amendment and remedies, are set forth in the Undertaking, the proposed form of which is attached as APPENDIX E.

A failure by UAMPS to comply with the Undertaking will not constitute an Event of Default under the Indenture and Beneficial Owners of the Series 2012 Bonds are limited to the remedies described in the Undertaking. UAMPS must report any failure to comply with the Undertaking in accordance with the Rule. Any broker, dealer or municipal securities dealer must consider such report before recommending the purchase or sale of the Series 2012 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2012 Bonds and their market price.

UAMPS reports that (i) it is presently in compliance, in all material respects, with its previous continuing disclosure undertakings under the Rule and (ii) within the last five years, certain of the Participants that have undertaken to provide continuing financial and operating information have not provided their audited financial statements when due, but have filed such statements when they became available and are presently in compliance with their continuing disclosure undertakings.

LEGAL MATTERS

All legal matters incident to the authorization and issuance of the Series 2012 Bonds are subject to the approval of Chapman and Cutler LLP, Bond Counsel. Certain matters will be passed upon for UAMPS by Chapman and Cutler LLP in its roles as disclosure counsel and special counsel to UAMPS, and for the Underwriters by their counsel, Ballard Spahr LLP. The approving opinion of Bond Counsel, in substantially the form set forth in APPENDIX F to this Official Statement, will be delivered with the Series 2012 Bonds.

UAMPS has previously received opinions from counsel or special counsel to each of the Participants, to the effect that the Power Sales Contract between UAMPS and each respective Participant has been duly authorized, executed and delivered by such Participant and constitutes the legal, valid and binding obligation of such Participant enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally or usual equity principles in the event equitable remedies are sought. Such opinions will be confirmed on the date of delivery of the Series 2012 Bonds.

RATINGS

Standard & Poor's Credit Market Services and Fitch Ratings Service have assigned municipal bond ratings of "A-" and "A" respectively, to the Series 2012 Bonds.

A securities rating is not a recommendation to buy, sell or hold securities. There is no assurance that a rating, once obtained, will continue for any given period of time or that it will not be revised downward or withdrawn entirely if, in the opinion of the rating agency, circumstances so warrant. Any such downward revision or withdrawal could have an adverse effect on the marketability or market price of the Series 2012 Bonds. UAMPS has not undertaken any responsibility after issuance of the Series 2012 Bonds to assure the maintenance of the ratings applicable thereto or to oppose any revision or withdrawal of such ratings.

ESCROW VERIFICATION

Grant Thornton LLP will verify the accuracy of the mathematical computations concerning the adequacy of the maturing principal amounts of and interest earned on the obligations of the United States of America, together with other escrowed moneys, to pay when due pursuant to prior redemption the redemption price of, and interest on, the Refunded Bonds and the mathematical computations of the yield on the Bonds and the yield on the government obligations purchased with a portion of the proceeds of the sale of the Bonds. Such verification shall be based in part upon information supplied by the Underwriters.

MISCELLANEOUS

The descriptions and summaries herein of the Indenture, the Series 2012 Bonds, certain statutory provisions and certain contracts to which UAMPS and the Participants are parties do not purport to be complete. Reference is made to such documents, laws and contracts for full and complete statements of the terms and provisions thereof. Copies of the Indenture and the Power Sales Contracts may be obtained as provided under "INTRODUCTION — Additional Information."

Any statement in this Official Statement involving matters of opinion, whether or not expressly so stated, is intended as such and not as a representation of fact. The various projections and statements as to future events are based upon certain assumptions and no assurance can be given that such projections will prove to be correct. The Appendices attached hereto are an integral part of this Official Statement and must be read in conjunction with the foregoing material.

The delivery of this Official Statement has been duly authorized by the Board of Directors of UAMPS.

UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS

By ____________________________________
Chairman

By ____________________________________
Manager of Finance

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

THE MAJOR PARTICIPANTS

This Appendix contains descriptions of the four Participants with Entitlement Shares and Debt Service Shares exceeding 10% under the Power Sales Contracts for the Payson Power Project, together with selected financial and operating information for the electric utility systems.

The information contained in this Appendix has been obtained from the Major Participants and other sources believed to be reliable. While UAMPS believes that the following information is a fair summary of the matters presented, UAMPS cannot guarantee the accuracy or completeness of the information set forth below.

SPRINGVILLE

GENERALS

The City of Springville was originally settled in 1850 and has current population of approximately 29,900. It has an incorporated area of approximately 14 square miles.

ELECTRIC SYSTEM DESCRIPTION

Springville's electric utility system was originally constructed in 1904. It has a service area of approximately 24.3 square miles, serves 10,258 active customers and includes five distribution stations and approximately 218 miles of transmission and distribution lines. Springville's electric system is controlled by its City Council and a Power Advisory Board advises and assists the Council in its resource and rate management of the system. Day-to-day operations of the electric utility are managed by a Power Director and two Division Superintendents. There are 27 employees in Springville's electrical department.

GENERATING FACILITIES

Springville generates a portion of its electric requirements through its thermal and hydroelectric generating facilities and purchases a substantial amount of its requirements from various sources.

Springville's Whitehead Power Plant became operational in 1986 and now includes four natural gas/diesel-fired generators with a total generating capacity of 26.0 MW. Springville's four hydroelectric generating facilities have an aggregate capacity of 2.0 MW, for a total System generating capacity of 28.0 MW. Although Springville's existing generating facilities have sufficient capacity to meet the majority of its energy requirements, it regularly evaluates whether off-system purchases are more economic than system generation and uses its generating capacity to back up low-cost market purchases of non-firm energy. Springville also sells capacity and energy to UAMPS and its members.

Springville purchases natural gas to operate the Whitehead Power Plant from multiple spot market suppliers and receives gas through the Questar distribution system.

Springville's hydroelectric generating facilities utilize available flows and heads in the city's irrigation and culinary water systems that draw water from Spring Creek Canyon and Hobble Creek Canyon, which open into the city from the Wasatch Mountains. Springville's hydroelectric facilities include one 1,000 kW facility and three smaller facilities with capacities ranging from 200 to 500 kW. These facilities produce inexpensive energy during the spring and summer months when stream flows are at their highest.

LICENSES, PERMITS AND APPROVALS

Springville reports that it holds all licenses, permits and approvals necessary for the operation of its electric utility, including all licenses from the Federal Energy Regulatory Commission for the operation of its facilities and all air quality permits necessary for the operation of its Whitehead Power Plant. Springville reports that the Plant presently operates within all emissions limits imposed by the air quality permit.

PURCHASED POWER AND ENERGY

In addition to participating in the Payson Power Project, to meet its power and energy requirements, Springville purchases power and energy through its participation in the following UAMPS Projects: (1) CRSP, (2) Firm Power Supply Project, (3) San Juan Project and (4) UAMPS Pool Project. Springville is also participating in UAMPS' Horse Butte Wind Project, which is under construction.

Additionally, Springville has a power purchase contract with Deseret Generation & Transmission Co-operative for capacity and energy from the Bonanza Power Plant. Springville also has a power purchase agreement with Blue Mountain Biogas LLC to purchase energy from a biogas generating facility that is currently under construction and scheduled to begin delivering energy at the beginning of the fourth quarter in 2012.

LARGEST CUSTOMERS

Springville has one customer, which is engaged in the frozen foods industry, that accounts for approximately 26.3% of its total power sales revenues. No other single customer accounts for more than 2.1% of total power sales revenues.

SUMMARY FINANCIAL AND OPERATING INFORMATION

The following table presents summary financial and operating information for Springville's electric utility for each of the last three fiscal years.

SELECTED OPERATING STATISTICS

	FISCAL YEAR ENDED JUNE 30,		
	2011	2010	2009
Total Energy Requirements (MWh)	255,162	247,912	254,569
Peak Demand (MW)	55.4	53.2	54.9
Annual Load Factor (%)	52.6%	53.2%	52.9%
Sources of Energy Supply (MWh)			
System Generation	10,757	7,574	1,429
Purchased Energy	255,162	247,912	254,569
Total Energy Supply	265,919	255,486	255,998
Number of Customers (Average)			
Residential	9,290	9,227	9,209
Commercial	863	926	902
Industrial	2	2	2
Agricultural and Other	103	75	192
Total Customers	10,258	10,230	10,305
Energy Sales (MWh)			
Residential	80,400	79,641	79,786
Commercial	49,944	50,177	51,846
Industrial	97,072	95,467	99,506
Agricultural and Other	8,058	8,006	8,047
Total Energy Sales	235,474	233,291	239,185
Energy Sales ($)			
Residential	$ 8,460,352	$ 8,483,055	$ 8,904,285
Commercial	5,619,769	5,635,074	6,125,565
Industrial	7,861,526	7,994,909	8,799,799
Agricultural and Other	1,022,354	1,028,811	1,115,463
Total Energy Sales	$22,964,001	$23,141,849	$24,945,112
Financial Information			
Revenues	$25,400,874	$24,838,015	$26,428,336
Operating Expenses*	21,990,822	21,029,872	21,519,963
Net Income**	3,410,052	3,808,143	4,908,373
Bonds Outstanding***	-	-	2,245,000
Debt Service	-	-	2,360,820
Debt Service Coverage	-	-	2.08x
Net Utility Plant	$34,566,842	$33,860,011	$32,699,496

* Operating Expenses excludes depreciation and amortization. Springville's payment obligations under its Power Sales Contract constitute Operating Expenses.

** Net Income includes all operating and non-operating revenues and excludes depreciation and amortization charges and other non-operating expenses. Net Income shows amounts available to pay debt service, if any.

*** Springville currently does not have outstanding any bonds payable from the revenues of its electric utility system.

KAYSVILLE

GENERAL

Kaysville was incorporated in 1868 and is located in Davis County, which is north of Salt Lake City. Kaysville encompasses an estimated area of approximately 10 square miles. Kaysville has a population of approximately 26,000.

ELECTRIC SYSTEM DESCRIPTION

Kaysville's electric utility system has a service area of approximately 10.5 square miles, serves four customers outside city limits and includes approximately 138.2 miles of transmission and distribution lines.

The Kaysville City Council and the City Manager oversee the electric utility. A director of the Power Department, appointed by the City Manager, manages the day-to-day operations of the electric system. There are 14 employees in the Power Department. In addition to the essential utility functions these employees perform, the Department uses the Kaysville City administration services for billing, accounting, inspections, data processing, personnel and legal services.

SOURCES OF POWER AND ENERGY

In addition to participating in the Payson Power Project, to meet the power and energy requirements of its electric system Kaysville purchases power and energy through its participation in the following UAMPS projects: (1) CRSP, (2) the Hunter Project, (3) San Juan Project, (4) Intermountain Power Project, and (5) UAMPS Pool Project, (5) Firm Power Project, and (5) UAMPS Power Pool. Kaysville is also participating in UAMPS' Horse Butte Wind Project, which is under construction.

LICENSES, PERMITS AND APPROVALS

Kaysville reports that it holds all licenses, permits and approvals necessary for the operation of its electric utility.

LARGEST CUSTOMER

The local school district accounts for approximately 4.9% of Kaysville's total power sales revenues. No other single customer accounts for more than 2.7% of total power sales revenues.

SUMMARY FINANCIAL AND OPERATING INFORMATION

The following table presents summary financial and operating information for Kaysville's electric utility for each of the last three fiscal years.

SELECTED OPERATING STATISTICS

	FISCAL YEAR ENDED JUNE 30,		
	2011	2010	2009
Total Energy Requirements (MWh)	137,083	134,166	133,963
Peak Demand (MW)	39.3	37.9	38.4
Annual Load Factor (%)	39.8%	40.4%	39.8%
Sources of Energy Supply (MWh)			
System Generation	-	-	-
Purchased Energy	137,083	134,166	133,963
Total Energy Supply	137,083	134,166	133,963
Number of Customers (Average)			
Residential	7,722	7,595	7,552
Commercial	702	697	685
Industrial	1	1	1
Total Customers	8,425	8,293	8,238
Energy Sales (MWh)			
Residential	86,124	85,036	85,047
Commercial	43,733	42,144	41,253
Industrial	980	1,164	1,213
Total Energy Sales	130,837	128,344	127,513
Energy Sales ($)			
Residential	$ 7,993,849	$ 7,899,864	$ 7,958,168
Commercial	3,533,175	3,430,117	3,353,512
Industrial	77,766	87,101	86,758
Total Energy Sales	$11,604,790	$11,417,082	$11,398,438
Financial Information			
Operating Revenues	$12,205,767	$11,897,669	$12,238,255
Operating Expenses*	11,895,102	11,570,531	11,755,262
Net Income**	310,665	327,138	482,993
Bonds Outstanding	-	-	-
Debt Service	-	-	-
Debt Service Coverage	-	-	-
Net Utility Plant	$20,883,775	$21,343,033	$21,802,915

* Operating Expenses excludes depreciation and amortization. Kaysville's payment obligations under its Power Sales Contract constitute Operating Expenses.

** Net Income includes all operating and non-operating revenues and excludes depreciation and amortization charges and other non-operating expenses. Net Income shows amounts available to pay debt service, if any.

LEHI

GENERAL

The City of Lehi, Utah, was originally settled in 1850 and has a population of approximately 51,000. Lehi is located 12 miles north of Provo, Utah, and 23 miles south of Salt Lake City, in Utah County. Lehi has an incorporated area of approximately 27 square miles.

ELECTRIC SYSTEM DESCRIPTION

Lehi's electric utility system was originally constructed in 1927. It includes approximately 492.5 miles of transmission and distribution lines. The service area of the electric utility covers approximately 27 square miles and serves 12 customers outside city limits. The electric utility is overseen by the City Council and the City Administrator, and the day-to-day operations are managed by a Power Director. There are 23 employees in Lehi's electrical department.

SOURCES OF POWER AND ENERGY

In addition to participating in the Payson Power Project, to meet the power and energy requirements of its electric system, Lehi purchases power and energy by participating in the following UAMPS Projects: (1) CRSP, (2) Hunter Project, (3) San Juan Project, (4) Intermountain Power Project, (5) Firm Power Project and (6) UAMPS Power Pool.

Lehi also purchases power, through UAMPS, from the Jordanelle hydroelectric facility in Wasatch County, Utah, and is participating in UAMPS' Horse Butte Wind Project, which is under construction.

LICENSES, PERMITS AND APPROVALS

Lehi reports that it holds all licenses, permits and approvals necessary for the operation of its electric utility.

LARGEST CUSTOMERS

Lehi's largest customer accounts for approximately 2.0% of total power sales revenues. No other single customer accounts for more than 1.5% of total power sales revenues.

FINANCIAL AND OPERATING INFORMATION

The following table presents summary financial and operating information for Lehi's electric utility for each of the last three fiscal years.

SELECTED OPERATING STATISTICS

	FISCAL YEAR ENDED JUNE 30,		
	2011	2010	2009
Total Energy Requirements (MWh)	232,289	225,036	218,303
Peak Demand (MW)	65.2	63.0	61.4
Annual Load Factor (%)	40.7%	40.8%	40.6%
Sources of Energy Supply (MWh)			
System Generation	-	-	-
Purchased Energy	232,289	225,036	218,303
Total Energy Supply	232,289	225,036	218,303
Number of Customers (Average)			
Residential	13,497	13,097	12,710
Commercial	1,221	1,153	1,079
Industrial	-	-	-
Agricultural and Other	117	110	98
Total Customers	14,817	14,360	13,887
Energy Sales (MWh)			
Residential	134,476	129,732	122,971
Commercial	66,147	74,491	73,155
Industrial	-	-	-
Agricultural and Other	22,815	9,501	9,835
Total Energy Sales	223,438	213,724	205,961
Energy Sales ($)			
Residential	$11,709,774	11,370,576	10,770,530
Commercial	5,966,970	6,890,899	6,738,206
Industrial	-	-	-
Agricultural and Other	1,908,074	529,005	501,355
Total Energy Sales	19,584,818	18,790,480	18,010,091
Financial Information			
Revenues	$20,907,913	$20,228,879	$20,144,969
Operating Expenses*	19,138,673	18,942,921	18,942,731
Net Income**	1,769,240	1,285,958	1,202,238
Bonds Outstanding	6,500,000	7,100,000	7,700,000
Debt Service	759,750	743,957	836,111
Debt Service Coverage	2.33x	1.73x	1.44x
Net Utility Plant	$37,194,225	$36,594,397	$36,715,133

* Operating Expenses excludes depreciation and amortization. Lehi's payment obligations under its Power Sales Contract constitute Operating Expenses.

** Net Income includes all operating and non-operating revenues and excludes depreciation and amortization charges and other non-operating expenses. Net Income shows amounts available to pay debt service, if any.

LOGAN

GENERAL

Logan was founded in 1866 and is the county seat of Cache County, Utah. Logan is located about 85 miles northeast of Salt Lake City. Logan encompasses an estimated area of approximately 18.4 square miles and has an estimated population of approximately 48,000.

ELECTRIC SYSTEM DESCRIPTION

Logan has owned and operated its electric system since 1904. It has a service area of approximately 17.97 square miles and includes approximately 230.25 miles of transmission and distribution lines. Logan does not provide electric service to any customers outside its service area. Logan's electric system is controlled by its City Council. A director of the power department, appointed by the Mayor, manages the electric system. There are 31 employees in Logan's electrical department.

GENERATING FACILITIES

The Logan electric system includes two hydroelectric generating stations on the Logan River. These units have an aggregate generating capacity of approximately 7.0 MW, with most energy produced during the spring and early summer when stream flows are highest. The Logan electric system also includes a natural gas/diesel-fired generating facility that includes three combustion turbines with a total capacity of 15 MW that were installed in the summer of 2002.

During fiscal year 2011, Logan commissioned and placed into service its Dewitt Springs Hydroelectric Plant, which provides 230 kW of renewable energy from excess pressures provided from Logan's culinary water supply line.

LICENSES, PERMITS AND APPROVALS

Logan reports that it holds all licenses, permits and approvals necessary for the operation of its electric utility, including all licenses from the Federal Energy Regulatory Commission for the operation of its facilities and all air quality permits necessary for the operation of its natural gas generating facility. Logan reports that the natural gas generating facility presently operates within all emissions limits imposed by the air quality permit.

PURCHASED POWER AND ENERGY

In addition to participating in the Payson Power Project, to meet its power and energy requirements, Logan purchases power and energy through its participation in the following UAMPS Projects: (1) CRSP, (2) Hunter Project, (3) Intermountain Power Project, and (4) UAMPS Power Pool. Certain of Logan's purchased firm and non-firm energy is transmitted by the Craig-Mona Transmission Project of UAMPS. See "POWER SUPPLY AND TRANSMISSION RESOURCES."

Logan has a power purchase contract with Deseret Generation & Transmission Co-operative for 20 MW of baseload and intermediate capacity and energy from the Bonanza Power Plant through June 30, 2015.

LARGEST CUSTOMERS

Logan's largest customer (Utah State University) accounts for approximately 5.4% of total power sales revenues. Its next three largest customers–a cheese processor, a circuit board manufacturer and a cheese and dairy manufacturer–account for 4.8%, 3.6% and 3.0%, respectively. No other single customer accounts for more than 2.6% of total power sales revenues.

SUMMARY FINANCIAL AND OPERATING INFORMATION

The following table presents summary financial and operating information for Logan's electric utility for each of the last three fiscal years.

SELECTED OPERATING STATISTICS

	FISCAL YEAR ENDED JUNE 30,		
	2011	2010	2009
Total Energy Requirements (MWh)	442,616	432,677	466,531
Peak Demand (MW)	92.2	89.4	91.6
Annual Load Factor (%)	54.8%	55.2%	58.1%
Sources of Energy Supply (MWh)			
System Generation	26,995	40,900	26,512
Purchased Energy	442,616	432,677	466,591
Total Energy Supply	469,611	473,577	493,103
Number of Customers (Average)			
Residential	16,344	16,394	16,171
Commercial	2,178	2,167	2,173
Industrial	10	9	9
Agricultural and Other	0	1	1
Total Customers	18,532	18,571	18,354
Energy Sales (MWh)			
Residential	96,289	96,540	95,093
Commercial	167,831	165,910	168,906
Industrial	110,970	111,006	95,077
Agricultural and Other	26,981	26,862	33,629
Total Energy Sales	402,071	400,318	392,705
Energy Sales ($)			
Residential	$ 9,474,311	$ 9,286,085	$ 9,099,920
Commercial	13,947,945	13,482,771	13,721,778
Industrial	7,367,037	6,981,143	6,478,591
Agricultural and Other	1,770,761	1,722,718	2,024,080
Total Energy Sales	$32,560,054	$31,472,717	$31,324,369
Financial Information			
Revenues	$36,702,951	$33,259,419	$33,695,620
Operating Expenses*	27,776,444	26,269,867	25,295,675
Net Income**	8,926,507	6,989,552	8,399,945
Bonds Outstanding***	960,000	1,890,000	2,790,000
Debt Service	977,520	978,150	967,875
Debt Service Coverage	9.13x	7.14x	8.68x
Net Utility Plant	$37,189,243	$32,644,959	$30,135,951

* Operating Expenses excludes depreciation and amortization. Logan's payment obligations under its Power Sales Contract constitute Operating Expenses.

** Net Income includes all operating and non-operating revenues and excludes depreciation and amortization charges and other non-operating expenses. Net Income shows amounts available to pay debt service, if any.

*** During fiscal year 2011 Logan made its final debt service payment of $977,520. Logan currently does not have outstanding any bonds payable from the revenues of its electric utility system.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

CERTAIN DEFINITIONS;
SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

CERTAIN DEFINITIONS

Set out below are certain definitions contained in the Indenture, the Power Sales Contracts and the Payson Power Project Agreements and used elsewhere in this Official Statement.

"Accreted Amount" means, with respect to Capital Appreciation Bonds of any Series and as of the date of calculation, the amount established pursuant to the Supplemental Indenture authorizing such Capital Appreciation Bonds as the amount representing the initial public offering price, plus the accumulated and compounded interest on such Bonds.

"*Accrued Debt Service*" means, as of any date of calculation, the amount of Debt Service that has accrued with respect to any Series of Bonds, calculating the Debt Service that has accrued with respect to each Series of Bonds as an amount equal to the sum of (1) the interest on the Bonds of such Series that has accrued and is unpaid and that will have accrued by the end of the then current calendar month, and (2) that portion of all Principal Installments payable within the twelve (12) month period following the date of calculation for the Bonds of such Series (other than Bond Anticipation Notes) that would have accrued (if deemed to accrue in the same manner as interest accrues) by the end of the then current calendar month.

"Additional Bonds" means any Bonds issued for a purpose described under "ISSUANCE OF BONDS—Additional Bonds" in this APPENDIX B.

"Additional Facilities" means, collectively, (1) all renewals, repairs, replacements, extensions and additions to the Initial Facilities, including capital additions, capital betterments and capital replacements, (2) all property, real, personal or mixed, of any nature, including electric generation, substation and transmission facilities, directly and functionally related to the Initial Facilities and (3) any additional electric generating facilities located at the site of or interconnected with the Initial Facilities, and any related facilities.

"Aggregate Debt Service" means, as of any date of calculation and with respect to any period, the sum of the amount of Debt Service for all Series of Bonds outstanding; *provided, however*, that for purposes of calculating the Debt Service Reserve Requirement for any Series Subaccount in the Debt Service Reserve Account, Aggregate Debt Service shall be calculated only with respect to the Series of Bonds secured by such Series Subaccount.

"Auction Agent" means an agent appointed by UAMPS for the purpose of determining the Auction Rate on a Series of Bonds, all as set forth in a Supplemental Indenture.

"Auction Rate" means an interest rate determined by an Auction Agent pursuant to auction procedures set forth in a Supplemental Indenture.

"Authorized Amount" means, with respect to a Commercial Paper Program, the maximum principal amount of commercial paper which is then authorized by UAMPS to be outstanding at any one time pursuant to such Commercial Paper Program.

"Balloon Bonds" means Bonds, other than Bonds which mature within one year of the date of issuance thereof, 25% or more of the Principal Installments on which (a) are due or, (b) at the option of the Holder thereof may be redeemed, during any period of a Year.

"Bond Appreciation Notes" means Bonds issued by UAMPS pursuant to the Indenture in advance of the permanent financing of UAMPS for the Payson Power Project.

"Bondowner" or *"Owner,"* or any similar term, means the owner of any Bond or Bonds. In the case of a fully-registered Bond, Bondowner means the registered owner of such Bond.

"Bond Payment Date" means each date on which (1) interest on the Bonds is due and payable or (2) principal of the Bonds is payable at maturity or pursuant to sinking fund installments.

"Bonds" means bonds, notes, commercial paper or any other obligations (other than Subordinated Indebtedness and Repayment Obligations) authorized by and at any time outstanding pursuant to the Indenture.

"Business Day" means a day of the year which is not a Saturday, Sunday or legal holiday in New York, New York, or Salt Lake City, Utah, or a day on which the Trustee is authorized or obligated to close.

"Capital Appreciation Bonds" means Bonds the interest on which (1) is compounded and accumulated at the rates and on the dates set forth in the Supplemental Indenture authorizing the issuance of such Bonds and designating them as Capital Appreciation Bonds, and (2) is scheduled to be payable upon maturity or redemption of such Bonds.

"Code" means the Internal Revenue Code of 1986, as amended and supplemented from time to time including the United States Treasury Regulations thereunder, including temporary and proposed regulations.

"Commercial Paper Program" means commercial paper obligations with maturities of not more than two hundred seventy (270) days from the dates of issuance thereof which are issued and reissued by UAMPS from time to time pursuant to Article II and are outstanding up to an Authorized Amount.

*"Commodity Swap"*means an agreement between UAMPS and a Swap Counterparty to hedge, convert or swap of the price of electricity, gas or other commodity necessary or desirable to manage the risks associated with the ownership and operation of the Payson Power Project.

"Commodity Swap Payments" means as of each scheduled payment date specified in an Commodity Swap, the amount, if any, payable to the Swap Counterparty by UAMPS.

"Commodity Swap Receipts" means as of each payment date specified in an Commodity Swap, the amount, if any, payable to UAMPS by the Swap Counterparty.

"Construction Fund" means the Fund by that name established in the Indenture.

"Cost of Construction" means the costs of UAMPS properly attributable to the acquisition, construction and placing in service of the Initial Facilities and any Additional Facilities and all expenses preliminary and incidental thereto incurred by UAMPS in connection therewith and in connection with the issuance of the Bonds, including all amounts payable by UAMPS pursuant to the EPC Agreement, amounts payable or reimbursable by UAMPS under the Host City Agreement in connection with the siting and construction of the Payson Power Project, and all costs and expenses incurred by UAMPS in connection with its development, negotiation and review of the Initial Facilities, the Project Agreements and any Additional Facilities.

"Crossover Date" means with respect to Crossover Refunding Bonds the date on which the principal portion of the related Crossover Refunded Bonds is scheduled to be paid or redeemed from the proceeds of such Crossover Refunding Bonds.

"Crossover Refunded Bonds" means Bonds refunded by Crossover Refunding Bonds.

"Crossover Refunding Bonds" means Refunding Bonds the proceeds of which are irrevocably deposited in escrow to secure the payment on the Crossover Date of the principal or Redemption Price of the Crossover Refunded Bonds (subject to possible use to pay the principal or Redemption Price of the Crossover Refunding Bonds under certain circumstances) and the earnings on such escrow deposit are to be applied to pay interest on the Crossover Refunding Bonds to and including the Crossover Date.

"Current Interest Bonds" means Bonds not constituting Capital Appreciation Bonds. Interest on Current Interest Bonds is payable periodically on the interest payment dates provided therefor in a Supplemental Indenture.

"Debt Service" means (subject to certain assumptions and exclusions set forth in the Indenture), for any particular Fiscal Year and for any Series of Bonds, an amount equal to the sum of:

(1) all interest (for purposes of computing UAMPS' compliance with the rate covenant set forth in the Indenture, net of any amount deposited with the Trustee representing capitalized interest and available to pay interest on Bonds) payable during such Fiscal Year on such Bonds outstanding, plus

(2) the Principal Installments payable during such Fiscal Year on such Bonds outstanding (other than Bond Anticipation Notes), calculated on the assumption that Bonds outstanding on the day of calculation cease to be outstanding by reason of, but only by reason of, payment either upon maturity or application of any sinking fund installments required by the Indenture.

"Debt Service Reserve Requirement" means, with respect to any Series Subaccount that has been established in the Debt Service Reserve Account in the Bond Fund, unless otherwise specified in a Supplemental Indenture establishing such Series Subaccount, as of any date of calculation, an amount equal to the least of: (1) the sum of ten percent of the original principal amount of each Series of Bonds secured by such Series Subaccount; (2) the Maximum Annual Debt Service on the Bonds secured by such Series Subaccount; and (3) 125% of the Average Annual Debt Service on the Bonds secured by such Series Subaccount. The Debt Service Reserve Requirement for each Series Subaccount in the Debt Service Reserve Account shall be calculated on the date of original issuance of the first Series of Bonds secured thereby and shall be recalculated on the date of original issuance of any Series of Additional Bonds secured thereby. UAMPS may, but shall be under no obligation to, recalculate the Debt Service Reserve Requirement upon the issuance of a Series of Refunding Bonds to reflect the Bonds secured by such Series Subaccount that are Outstanding after such issuance.

"EPC Agreement" means the Engineering, Procurement and Construction Agreement between UAMPS and the EPC Contractor.

*"EPC Contractor"*means Colorado Energy Management, LLC, and its successors and assigns.

"Fiscal Year" means the annual accounting period of UAMPS as from time to time in effect, initially a period commencing on April 1 of each calendar year and ending on the next succeeding March 31.

*"Fuel Agreement"*means any agreement entered into by or on behalf of UAMPS for the acquisition or management of fuel for the operation of the Project or the transportation or storage of fuel to the Project and any associated credit or collateral agreement.

"Government Obligations" means:

(1) Direct obligations of (including obligations issued or held in book-entry form on the books of) the Department of the Treasury of the United States of America and obligations unconditionally guaranteed as to principal and interest by the United States of America and evidences of ownership interests therein; and

(2) Certain "AAA" rated pre-refunded bonds or other obligations of any state of the United States of America or any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable notice has been given by the obligor to call such bonds or obligations on the date specified in the notice.

"Host City Agreement" means the Host City Agreement between UAMPS and Payson City.

"Indenture" means the Trust Indenture, dated as of October 1, 2002 by and between UAMPS and the Trustee, as it may from time to time be supplemented and amended in accordance with its terms.

"Initial Facilities" means the properties, facilities, improvements and equipment described on EXHIBIT I to the Power Sales Contracts and all other properties, facilities, improvements and equipment necessary or desirable in connection with the initial acquisition, construction and placing in service of the Payson Power Project.

"Interest Rate Swap" means an agreement between UAMPS or the Trustee and a Swap Counterparty related to all or a portion of the interest on the Bonds of one or more Series whereby a fixed or a variable rate cash flow on a principal or notional amount is exchanged for a variable or fixed rate of return, as the case may be, on an equal notional amount.

"Interest Rate Swap Payment" means as of each scheduled payment date specified in an Interest Rate Swap, the amount, if any, payable to the Swap Counterparty by UAMPS (or by the Trustee on behalf of UAMPS).

"Interest Rate Swap Receipt" means as of each payment date specified in an Interest Rate Swap, the amount, if any, payable to UAMPS (or to the Trustee for the account of UAMPS) by the Swap Counterparty.

"Investment Securities" means any of the following securities, if and to the extent that the same are at the time legal for investment of UAMPS' funds:

(1) Government Obligations;

(2) The fund held by the Treasurer for the State of Utah and commonly known as the Utah State Public Treasurer's Investment Fund;

(3) Money market funds rated "AAAm" or "AAAm--G" or better by S&P;

(4) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of at least "A-1" by S&P and "P-1" by Moody's and maturing not more than 360 days after the date of purchase;

(5) Bonds, notes or other evidences or indebtedness rated "AAA" by S&P and "Aaa" by Moody's issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;

(6) Obligations of any federal agency that represent full faith and credit obligations of the United States of America;

(7) Obligations of the Resolution Funding Corporation and senior debt obligations of the Federal Home Loan Bank System;

(8) Investment agreements, subject to such limitations as may be imposed by a Supplemental Indenture; and

(9) Such other obligations as may be legal obligations for the investment of UAMPS' funds as specified in a Supplemental Indenture.

"Maximum Annual Debt Service" means the greater of (1) the Aggregate Debt Service during the current Fiscal Year or (2) the Aggregate Debt Service in any future Fiscal Year.

"O&M Agreement" means (1) the Operation and Maintenance Agreement between UAMPS and the O&M Contractor, and (2) any other contract entered into by UAMPS to provide for the performance of operation, maintenance and similar services with respect to the Payson Power Project.

"O&M Contractor" means Colorado Energy Management LLC, and its successors and assigns.

"Operation and Maintenance Costs" means all actual operation and maintenance costs related to the Payson Power Project incurred by UAMPS in any particular Fiscal Year or period to which said term is applicable or charges made therefor during such Fiscal Year or period, but only if such charges are made in accordance with Generally Accepted Accounting Principles, including amounts reasonably required to be set aside in reserves for items of Operation and Maintenance Costs the payment of which is not then immediately required.

Operation and Maintenance Costs include, but are not limited to, "Operation and Maintenance Costs" and "Wheeling Costs," each as defined in the Power Sales Contracts and all costs, expenses, reimbursements, fees and working capital deposits payable by UAMPS under the O&M Agreement, the Host City Agreement and the other Project Agreements; water supply and utility costs and charges; rentals and other amounts payable by UAMPS under the Site Lease; fuel costs including amounts payable under any Fuel Agreement; Commodity Swap Payments; the costs of ordinary repairs, renewals, and replacements to the Payson Power Project; the costs of maintaining, protecting and defending all licenses, permits and approvals necessary for the continuing operation of the Payson Power Project; salaries and wages, employees' health, hospitalization, pension, retirement and other expenses; fees and expenses for services, materials and supplies; costs and expenses incurred in the sale or marketing of any output of the Payson Power Project that may from time to time be surplus to the requirements of the Participants; rents, administrative and general expenses; insurance expenses; periodic costs of any Security Instruments or Reserve Instruments; costs, collateral deposits and other amounts (other than Commodity Swap Payments and Interest Rate Swap Payments) necessary to maintain any Commodity Swaps and Interest Rate Swaps; Fiduciaries' fees and expenses; Remarketing Agents', Auction Agent's, Market Agent's, Broker-Dealer's, and other agents' fees and expenses; legal, engineering, accounting, financing and financial advisory fees and expenses, and fees and expenses of other consulting and technical services; training of personnel; taxes;

payments in lieu of taxes and other governmental charges; costs, and any other current expenses or obligations required to be paid by UAMPS under the provisions of the Project Agreements or by law, all to the extent properly allocable to the Payson Power Project.

Operation and Maintenance Costs do not include any Swap Termination Payments; the costs or charges for capital improvements to or retirements from the Payson Power Project which under Generally Accepted Accounting Principles are properly chargeable to the capital account or the reserve for depreciation and do not include losses from the sale, abandonment, reclassification, revaluation or other disposition of any properties of the Payson Power Project; or such property items which are capitalized pursuant to the then existing accounting practice of UAMPS.

"Payson Power Project" means the Initial Facilities and any and all Additional Facilities.

"Power Sales Contracts" means the several Payson Power Project Power Sales Contracts, dated as of June 1, 2002, entered into between UAMPS and the Participants, together with all amendments and supplements thereto, and any additional Payson Power Project Power Sales Contracts entered into in connection with any transfers or assignments pursuant to Section 17(c) thereof, which collectively provide for the sale by UAMPS of all or a portion of the output of the Payson Power Project, as the same may be amended or supplemented in accordance with their terms and the terms of the Indenture.

"Principal" means (1) with respect to any Capital Appreciation Bond, the Accreted Amount thereof, and (2) with respect to any Current Interest Bond, the principal amount of such Bond payable at maturity.

"Principal Installment" means, as of any date of calculation, with respect to any Series of Bonds, (1) the principal amount of Bonds of such Series due on a certain future date for which no sinking fund installments have been established, or (2) the unsatisfied balance of any sinking fund installment due on a certain future date for Bonds of such Series.

"Project Agreements" means, collectively, the Host City Agreement, the Site Lease, the EPC Agreement, the O&M Agreement, the Fuel Agreement, the Transmission and Interconnection Agreements and all other agreements entered into or assumed by UAMPS in connection with the acquisition, ownership and operation of the Payson Power Project.

"Project Management Committee" means the committee of the Participants established pursuant to the Power Sales Contracts.

"Rating Agency" means Moody's or S&P or any other rating agency so designated in a Supplemental Indenture.

"Record Date" means, with respect to any interest payment date for any Series of Bonds, the date specified as the Record Date in the Supplemental Indenture authorizing the issuance of such Series of Bonds.

"Redemption Price" means, with respect to any Bond, the principal thereof plus the applicable premium, if any, payable upon redemption thereof.

"Refunding Bonds" means all Bonds, whether issued in one or more Series, issued for the purpose of refunding any outstanding Bonds.

"Repayment Obligations" means the amounts payable by UAMPS to reimburse or repay the issuer of a Security Instrument or a Reserve Instrument for amounts paid or advanced thereunder.

"Reserve Instrument" means a letter of credit, surety bond or similar instrument issued by a bank, insurance company or other financial institution, in any case rated "Aaa" by Moody's or "AAA" by S&P, in order to satisfy all or any portion of the Debt Service Reserve Requirement for any Series Subaccount.

"Revenues" means all revenues, fees, income, charges, rents and receipts derived by UAMPS from or attributable to the Payson Power Project and the Power Sales Contracts and any other sale of the output capacity or services of the Payson Power Project, including the proceeds of any insurance covering business interruption loss, all as determined in accordance with generally accepted accounting principles. "Revenues" also includes any Commodity Swap Receipts, Interest Rate Swap Receipts, Swap Termination Payments received by UAMPS and all interest, profits or other income derived from the investment of any moneys held pursuant to the Indenture and required to be paid into the Revenue Fund. Revenues shall not include: (1) insurance proceeds resulting from casualty damage to the Payson Power Project (other than insurance proceeds deposited into a special account in the Bond Fund for the redemption of Bonds); (2) the proceeds from the sale of the Bonds; or (3) moneys received under any Security Instrument or Reserve Instrument.

"Security Instrument" means an instrument or other device issued by a Security Instrument Issuer to pay, or to provide security or liquidity for, a Series of Bonds. The term "Security Instrument" includes, by way of example and not of limitation, letters of credit, bond insurance policies, standby bond purchase agreements, lines of credit and other credit enhancement or liquidity devices.

"Security Instrument Issuer" means a bank, insurance company, financial guarantor or other financial institution that issues a Security Instrument for one or more Series of Bonds.

"Series" means all of the Bonds designated as being of the same Series authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to the Indenture.

"Series Subaccount" means, as applicable, (1) each separate Subaccount created for one or more Series of Bonds or for one or more Interest Rate Swaps in the Debt Service Account or (2) each separate subaccount in the Debt Service Reserve Account.

"Stabilization Fund" means the Fund by that name established pursuant to Section 5.02.

"Subordinated Indebtedness" means any bond, note or other evidence of indebtedness which is expressly made subordinate and junior in right of payment to the Bonds and which complies with the provisions of Section 5.12. Subordinated Indebtedness shall not be, nor shall be deemed to be, Bonds for purposes of the Indenture, except as may be expressly provided by Supplemental Indenture.

"Supplemental Indenture" means any indenture supplementing or amending the Indenture entered into in accordance with the terms of the Indenture.

"Swap Agreement" means an Interest Rate Swap or a Commodity Swap.

"Swap Counterparty" means (1) with respect to any Interest Rate Swap, a member of the International Swap Dealers Association (ISDA) rated in one of the three top Rating Categories by at least one Rating Agency and (2) with respect to any Commodity Swap, a member of ISDA rated in one of the four top Rating Categories by at least one Rating Agency, provided that if such Swap Counterparty is not rated in one of the top three Rating Categories, UAMPS shall require such Swap Counterparty to agree to such collateral and security arrangements as UAMPS shall determine to be necessary to protect its interests.

"Swap Termination Payment" means the amount, if any, payable by UAMPS (or by the Trustee for the account of UAMPS) or by the Swap Counterparty as a result of the termination of any Swap Agreement.

"Transmission and Interconnection Agreements" means, collectively, (1) Transmission Service and Operating Agreement dated May 7, 1992 between UAMPS and PacifiCorp, (2) the various Interconnection Agreements between UAMPS and Southern Utah Valley Power Systems, Payson City, Strawberry Water Users Association and PacifiCorp, (3) any other contractual or legal arrangement for the interconnection of the Payson Power Project to the transmission facilities of another utility or entity and (4) any other contractual or legal arrangement with another utility, system transmission system operator, regional transmission organization or other public or private entity providing for the transmission of the output of the Payson Power Project.

"Trustee" means Wells Fargo Bank Northwest, National Association, and its successors and assigns, and any other corporation or association which may at any time be substituted in its place as provided in the Indenture.

"Variable Rate Bonds" means Bonds that bear interest at other than fixed rates to maturity.

"Wheeling Costs" means all costs and expenses paid, payable, incurred or accrued by UAMPS for the transmission of electric energy from the Payson Power Project to the Participants as contemplated in the Power Sales Contracts.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

GENERALLY

The following is a summary of certain provisions of the Indenture. This summary is not to be considered a full statement of the terms of such Indenture and accordingly is qualified in its entirety by reference thereto and is subject to the full text thereof. Capitalized terms not defined herein or elsewhere in this Official Statement have the meanings set forth in the Indenture. Certain of the capitalized terms used herein are defined in "CERTAIN DEFINITIONS" above.

ESTABLISHMENT OF FUNDS AND ACCOUNTS

The following funds and accounts are established under the Indenture:

(1) Construction Fund, to be held by the Trustee, in which there shall be established separate Project Accounts for the Initial Facilities and each of the Additional Facilities;

(2) Revenue Fund, to be held by UAMPS;

(3) Operation and Maintenance Fund, to be held by UAMPS;

(4) Bond Fund, to be held by the Trustee, consisting of a Debt Service Account, in which the Trustee shall establish a separate Series Subaccount for each Series of Bonds and each Interest Rate Swap, and a Debt Service Reserve Account, in which the Trustee may establish a separate Series Subaccount for one or more Series of Bonds;

(5) Subordinated Indebtedness Fund, to be held by the Trustee; and

(6) Stabilization Fund, to be held by UAMPS.

UAMPS may, by Supplemental Indenture, establish one or more additional Funds or accounts.

PLEDGE OF THE INDENTURE

The Bonds are special obligations of UAMPS payable from and secured by the Revenues, moneys, securities and funds pledged therefor under the Indenture. The Indenture pledges for the payment of principal or Redemption Price of and interest on the Bonds in accordance with their terms and the provisions of the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, all right, title and interest of UAMPS in and to (1) the proceeds of sale of the Bonds, (2) the Revenues, and (3) all Funds established by the Indenture (except for any Rebate Fund), including the investments, if any, thereof, subject to any required rebate of all or a portion of the earnings on such investments to the United States of America pursuant to the requirements of the Code; *provided, however,* that each Series of Bonds is secured by the Debt Service Reserve Account only if and to the extent that the Supplemental Indenture providing for the issuance of such Series of Bonds specifically provides that such Series shall be secured by a Series Subaccount in the Debt Service Reserve Account established for such Series Bonds or by a Series Subaccount previously established for another Series of Bonds. The Indenture provides that UAMPS may by Supplemental Indenture pledge the Revenues to secure its repayment obligations to the issuer of any Reserve Instrument, *provided* that any such pledge shall be subordinate to the pledge of the Indenture in favor of the Bonds.

FLOW OF FUNDS

Allocation of Revenues to Special Funds. All Revenues shall be promptly deposited by UAMPS to the credit of the Revenue Fund. UAMPS shall not less frequently than monthly transfer amounts from the Revenue Fund to the Operation and Maintenance Fund as shall be necessary for the payment of all Operation and Maintenance Costs which are unpaid and which will become due prior to the end of the current calendar month. UAMPS shall also transfer to the Operation and Maintenance Fund from the Revenue Fund such amounts as shall be necessary to provide a working capital reserve not less than an amount reasonably estimated to pay the Operation and Maintenance Costs of the Payson Power Project for two months. Such working capital shall be maintained (1) on deposit in the Operation and Maintenance Fund, (2) in working capital deposits with the O&M Contractor pursuant to the Indenture, (3) through a loan agreement, line of credit or similar facility entered into pursuant to the Indenture, or (4) by a combination of (1), (2) and (3).

The Operation and Maintenance Costs shall be paid by UAMPS out of the amounts on deposit in the Operation and Maintenance Fund, from time to time as such costs become due and payable. Amounts deposited into the Operation and Maintenance Fund may be transferred by UAMPS to the O&M Contractor on the commercial operation date of the Initial Facilities as a working capital deposit pursuant to the O&M Agreement and from time to time thereafter to replenish or fund any increases in such working capital deposit. UAMPS may accumulate such additional amounts in the Operation and Maintenance Fund as are reasonably necessary to provide for the payment of items of Operation and Maintenance Costs which accrue over time and which are payable less frequently than monthly.

On or before the third Business Day preceding each Bond Payment Date or the date on which any Interest Rate Swap Payment or any payment on Subordinated Indebtedness is due, UAMPS shall, after the transfer of amounts to the Operation and Maintenance Fund described above, from and to the extent of the moneys on deposit in the Revenue Fund, transfer and deposit into the following Funds the amounts set forth below in the following order:

(1) first, into the Bond Fund for credit to the Debt Service Account, the amount, if any, required so that the balance in each of the Series Subaccounts in the Debt Service Account shall equal the Debt Service coming due on such Bond Payment Date on the Series of Bonds for which such Series Subaccount was established or the Interest Rate Swap Payment coming due on such Interest Rate Swap payment date; *provided* that if there are not sufficient moneys for deposit into all Series Subaccounts in the Debt Service

Account, all moneys available for distribution among such Series Subaccounts shall be distributed on a *pro rata* basis to the deficient Series Subaccounts in the Debt Service Account, such distribution to be determined by multiplying the amount available for distribution by the proportion that the deficiency in each Series Subaccount bears to the total deficiency in all Series Subaccounts;

(2) second, into the Bond Fund for credit to each Series Subaccount established within the Debt Service Reserve Account, if moneys shall ever have been paid out such Series Subaccount for the purpose specified in the Indenture or a draw on a Reserve Instrument shall have been made or if for any other reason moneys in the Debt Service Reserve Account shall have been removed and in any such case if such moneys shall not have been replaced from any source, such amount of the money remaining in the Revenue Fund, or all of the money so remaining if less than the amount necessary, until either the amount so paid out of or removed from such Series Subaccount or drawn on the Reserve Instrument shall have been replaced, so as to cause an amount equal to the Debt Service Reserve Requirement for such Series Subaccount to be on deposit therein (or, if the amount on deposit in the Revenue Fund shall not be sufficient to make the deposits required to be made pursuant to the Indenture with respect to two or more Series Subaccounts in the Debt Service Reserve Account, then such amount on deposit in the Revenue Fund shall be applied ratably, in proportion to the deficit in each such Series Subaccount);

(3) third, into the Subordinated Indebtedness Fund such amount as shall be required to be deposited under each Supplemental Indenture authorizing the issuance of Subordinated Indebtedness; and

(4) fourth, into the Reserve and Contingency Fund established under the Power Sales Contracts, such amount as shall be necessary so as to cause the amount set forth by UAMPS in its annual budget for the then-current Fiscal Year to be deposited into the Reserve and Contingency Fund by the end of such Fiscal Year.

So long as cash and Investment Securities shall be held in the Bond Fund in an amount sufficient to pay in full all Outstanding Bonds, Repayment Obligations and Swap Payments in accordance with their terms, no deposits shall be required to be made into the Bond Fund.

Amounts on deposit in the Revenue Fund may be transferred from time to time by UAMPS into the Stabilization Fund, *provided, however,* that after any such transfer (1) the sum of the amounts on deposit in the Revenue Fund and the Debt Service Account shall equal the amount of Debt Service that has accrued on all Series of Bonds that are outstanding, (2) the Debt Service Reserve Requirement shall be on deposit in each Series Subaccount in the Debt Service Reserve Account, and (3) there shall be on deposit in the Operation and Maintenance Fund the amount of working capital required by the Indenture.

Bond Fund – Debt Service Account. Each Supplemental Indenture providing for the issuance of a Series of Bonds shall establish a separate Series Subaccount in the Debt Service Account for each such Series of Bonds issued *provided, however,* that such a separate Series Subaccount shall not be established for a Series of Bonds if such Series of Bonds is secured by a Series Subaccount in the Debt Service Reserve Account that also secures one or more other Series of Bonds as contemplated by Section 5.07(a) (in which case the Supplemental Indenture shall provide for the payment of such Series of Bonds from the same Series Subaccount in the Debt Service Account as such other Series of Bonds). There shall be transferred and deposited into each Series Subaccount such amounts from the Revenue Fund pursuant to the Indenture, and from the Project Account in the Construction Fund pursuant to the Indenture as shall be necessary to provide for the timely payment of the Debt Service on the applicable Series of Bonds.

Except as otherwise provided in a Supplemental Indenture authorizing a Series of Bonds, amounts accumulated in any Series Subaccount in the Debt Service Account with respect to any sinking fund installment (together with amounts accumulated therein with respect to interest on the Bonds for which such sinking fund installment was established) shall, if so directed by UAMPS in a written request not less than 30 days before the due date of such sinking fund installment, be applied by the Trustee to (1) the purchase of Bonds of the Series and maturity for which such sinking fund installment was established, (2) the redemption at the applicable sinking fund Redemption Price of such Bonds, if then redeemable by their terms, or (3) any combination of (1) and (2).

Bond Fund – Debt Service Reserve Account. Each Supplemental Indenture providing for the issuance of a Series of Bonds may (1) establish in the Debt Service Reserve Account a separate Series Subaccount for such Series of Bonds or (2) provide for such Series of Bonds to be secured by a Series Subaccount previously established. Any Supplemental Indenture that establishes a separate Series Subaccount shall specify (x) the Debt Service Reserve Requirement for such Series Subaccount, (y) whether future Bonds, Additional Bonds or Refunding Bonds may be secured by such Series Subaccount and (z) the manner in which such Series Subaccount shall be funded.

Subject to any limitations contained in a Supplemental Indenture, UAMPS may satisfy all or any portion of any Debt Service Reserve Requirement by means of a Reserve Instrument (or may substitute one Reserve Instrument for another). No Swap Counterparty and no holder or owner of Subordinated Indebtedness shall have any claim upon the amounts on deposit in any Series Subaccount in the Debt Service Reserve Account and no Swap Payments, Termination Payments or payments on Subordinated Indebtedness shall be made from any Series Subaccount in the Debt Service Reserve Account.

If on the third Business Day immediately preceding each Bond Payment Date, after the deposit of moneys described herein under the section entitled "Allocation of Revenues to Special Funds" above, the amount in any Series Subaccount in the Debt Service Account shall be less than the amount required to be in such Series Subaccount, the Trustee will: (1) apply amounts from the corresponding Series Subaccount in the Debt Service Reserve Account to the extent necessary to make good the deficiency; and (2) to the extent that moneys and investments available in the corresponding Series Subaccount in the Debt Service Reserve Account are not sufficient to eliminate the deficiency in the Series Subaccounts in the Debt Service Account and Reserve Instruments are in effect for the corresponding Series of Bonds, immediately make a demand for payment on all such Reserve Instruments, pursuant to the Indenture.

Whenever the moneys on deposit in a Series Subaccount in the Debt Service Reserve Account, including investment earnings and the amounts available under any Reserve Instrument with respect thereto, shall exceed the Debt Service Reserve Requirement for such Series Subaccount, such excess shall be transferred by the Trustee and paid to UAMPS for deposit into the Revenue Fund.

Whenever the amount in a Series Subaccount in the Debt Service Reserve Account, excluding the amounts available under any Reserve Instrument, together with the amounts in the corresponding Series Subaccount in the Debt Service Account are sufficient to pay in full all Outstanding Bonds payable from and secured by such Series Subaccount in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), the funds on deposit in such Series Subaccount in the Debt Service Reserve Account shall be transferred to the corresponding Series Subaccount in the Debt Service Account and no further deposits shall be required to be made into such Series Subaccount in the Debt Service Reserve Account.

Unless otherwise provided in a Supplemental Indenture authorizing a Series of Bonds, in calculating the amount on deposit in a Series Subaccount in the Debt Service Reserve Account, any amount available under a Reserve Instrument will be treated as an amount on deposit therein.

Unless otherwise specified in the Supplemental Indenture authorizing a Series of Bonds, no Reserve Instrument for such Series of Bonds shall be allowed to expire unless and until cash has been deposited into the appropriate Series Subaccount in the Debt Service Reserve Account, or a new Reserve Instrument has been issued in place of the expiring Reserve Instrument, in an amount or to provide coverage at least equal to the applicable Debt Service Reserve Requirement.

Reserve and Contingency Fund. The amounts in the Reserve and Contingency Fund, established under the Power Sales Contracts and funded from time to time by UAMPS according to its annual budget, are not subject to the pledge and lien of the Indenture, but shall, from time to time, be applied by UAMPS to the payment of unusual or extraordinary Operation and Maintenance Costs, and the Cost of Construction of any part of the Payson Power Project, and shall provide reserves for these purposes.

Subordinated Indebtedness Fund. The Trustee shall apply amounts in each separate account in the Subordinated Indebtedness Fund at the times, in the amounts and to the purposes specified with respect thereto in the respective resolutions, indentures or other instruments, including any Supplemental Indenture, relating to such account and the Subordinated Indebtedness payable therefrom or secured thereby.

Stabilization Fund. If on the third Business Day preceding any Bond Payment Date, the amount in any Series Subaccount in the Debt Service Account is less than the amount required to be in such Series Subaccount, and there are not sufficient moneys on deposit in the corresponding Series Subaccount in the Debt Service Reserve Account to cure such deficiency, UAMPS shall transfer from the Stabilization Fund and deposit into such Series Subaccount in the Debt Service Account the amount necessary (or all the moneys in the Stabilization Fund, if less than the amount necessary) to make up such deficiency, in accordance with the Indenture.

Amounts in the Stabilization Fund not required to meet a deficiency as described in the previous paragraph may be transferred from time to time by UAMPS from the Stabilization Fund free and clear of the lien of the Indenture and deposited into any funds or accounts established by UAMPS to be used for any lawful Payson Power Project purpose.

Construction Fund. There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of the Indenture or any Supplemental Indenture. The Trustee shall establish within the Construction Fund a separate Project Account for the Initial Facilities and any Additional Facilities and may establish one or more subaccounts in each Project Account. Amounts in each Project Account shall be applied to pay the Cost of Construction. To provide for the payment of capitalized interest, the Trustee shall transfer from such Project Account, to the appropriate Series Subaccount in the Debt Service Account, the amounts required to pay interest on the Bonds when due.

The substantial completion of acquisition and construction of the Initial Facilities and any Additional Facilities shall be evidenced by a written certificate of UAMPS, filed with the Trustee. Upon the filing of such certificate, the balance in the Project Account in the Construction Fund in excess of the amount, if any, stated in such certificate as being required for payment of any remaining part of the Cost of Construction shall, subject to any provision in a Supplemental Indenture, be (i) used to purchase Bonds as provided in the Indenture, (ii) deposited into the Debt Service Reserve Account to fund any amounts required to be deposited therein, (iii) deposited into the Debt Service Account, (iv) transferred into another Project Account to pay Costs of Construction of other Additional Facilities or (v) used for any other purpose for which proceeds of Bonds may be used under applicable law and covenants regarding the use of proceeds of Bonds, including a transfer into the Operation and Maintenance Fund to provide working capital and reserves for the payment of Operation and Maintenance Costs.

INVESTMENT OF FUNDS

Moneys held in any Fund or account shall be invested and reinvested by UAMPS or the Trustee to the fullest extent practicable in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Fund or account.

Subject to any required rebate of earnings on investments in any Fund or account to the United States of America pursuant to Section 148(f) of the Code and except as otherwise provided in a Supplemental Indenture establishing a Project Account or a Series Subaccount: (1) all moneys earned as an investment of moneys in each Project Account in the Construction Fund shall be retained in such Project Account; (2) net income earned on any moneys or investments in the Revenue Fund, the Operation and Maintenance Fund, the Stabilization Fund and the Debt Service Account shall be transferred to the Revenue Fund; (3) whenever a Series Subaccount in the Debt Service Reserve Account is in its full required amount, net income earned on any moneys or investments therein shall be transferred to the Revenue Fund as provided in the Indenture, otherwise, to be retained therein.

ISSUANCE OF BONDS

General Provisions. Whenever UAMPS shall determine to issue any Series of Bonds, UAMPS shall enter into a Supplemental Indenture with the Trustee which shall specify the information required by the Indenture.

The Bonds of any Series shall be executed by UAMPS for issuance under the Indenture and delivered to the Trustee and thereupon shall be authenticated by the Trustee and by it delivered to UAMPS or upon the written request of UAMPS but only upon receipt by the Trustee of the documents required by the Indenture, including an opinion of counsel and a certificate setting forth the Debt Service and the Aggregate Debt Service for each Fiscal Year of the Bonds of such Series, provided however, that this requirement shall not apply with respect to the First Series of Bonds.

Initial Bonds. Initial Bonds may be issued only upon a determination by UAMPS that they are being issued in a principal amount sufficient, together with the amount of any Prepayments made by the Prepayment Participants, to provide for:

(1) the full payment of the estimated Cost of Construction of the Initial Facilities, including all fees and incentives that are reasonably expected to be payable to the EPC Contractor under the EPC Agreement,

(2) the full payment of the principal or Redemption Price of and interest on all Bond Anticipation Notes then outstanding, and

(3) the deposit, payment or application of the proceeds of such Bonds to any other item of the Cost of Construction of the Initial Facilities.

The portion of the proceeds of the Initial Bonds described in (2) will be deposited into a separate and segregated subaccount in the Bond Fund held by the Trustee and will be used solely for the payment of the principal or Redemption Price of and interest on the Bond Anticipation Notes then outstanding.

Additional Bonds. One or more Series of Additional Bonds may be authenticated and delivered upon original issuance from time to time in such principal amount for each such Series as may be determined by UAMPS for the purpose of paying or providing for the payment of all or a portion of (1) any unpaid items of the Cost of Construction of the Initial Facilities, the Cost of Construction of Additional Facilities and any other item included within the "Cost of the Project" under (and as defined in) the Power Sales Contracts, (2) Operation and Maintenance

Costs, working capital reserves therefor and any other items within the definition of "Cost of Construction," (3) principal, Redemption Price and interest on Bond Anticipation Notes or (4) any combination of (1), (2) and (3).

Each Supplemental Indenture authorizing the issuance of a Series of Additional Bonds:

(1) Shall specify the items of the Cost of Construction and any Additional Facilities for which the proceeds of such Series of Additional Bonds will be applied; and

(2) May require UAMPS to deposit a specified amount of money from the proceeds of the sale of such Series of Additional Bonds or from other legally available sources into the applicable Project Account sufficient to pay when due all or a portion of the interest on such Series of Additional Bonds accrued and to accrue to the estimated completion date of the Additional Facilities set forth in the written certificate of UAMPS delivered with respect to such Series of Additional Bonds pursuant to the Indenture, plus interest to accrue on such Series of Additional Bonds after the estimated completion date of the Additional Facilities for up to one year (or such different period as may then be permitted by law).

Each Series of Additional Bonds shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents described under *"General Provisions"* above) of a written certificate of UAMPS containing the following:

(1) The then estimated completion date and the then estimated Cost of Construction of the remaining Initial Facilities or the Additional Facilities being financed by such Series of Bonds, as and to the extent applicable;

(2) A statement that, upon the authentication and delivery of the Bonds of such Series, no Event of Default has occurred and is then continuing under the Indenture and no event has or will have occurred which, with the passage of time or the giving of notice, or both, would give rise to an Event of Default under the Indenture; and

(3) A statement that the issuance of such Series of Bonds complies with the requirements of the Indenture and the Power Sales Contracts.

The proceeds, including accrued interest, of each Series of Additional Bonds shall be deposited simultaneously with the delivery of such Bonds in the Construction Fund and, to the extent permitted by law and the provisions of the Indenture, in any other Funds or such other funds or accounts as may be established by the Supplemental Indenture, in such amount, if any, as may be provided in the Supplemental Indenture authorizing the issuance of such Series of Additional Bonds.

There may also be deposited from any legally available source, to the extent permitted by law and the provisions of the Indenture, in the Funds or such other funds or accounts as may be established by the Supplemental Indenture, such amounts, if any, as may be provided in the Supplemental Indenture authorizing the issuance of such Series of Additional Bonds.

UAMPS may enter into one or more loan agreements, lines of credit or similar facilities in order to fund the Costs of Construction or the Operation and Maintenance Costs of the Payson Power Project. The repayment obligations of UAMPS under any such loan agreement, line of credit or similar facility shall be evidenced by a Bond or Bonds issued under the Indenture to the financial institution providing the loan agreement, line of credit or similar facility.

Refunding Bonds. One or more Series of Refunding Bonds may be issued in such principal amount which, when taken together with other legally available funds, will provide UAMPS with funds sufficient to accomplish the refunding of all or a part of the outstanding Bonds of one or more Series, including in each case the payment of all expenses in connection with such refunding, provided that UAMPS' Payson Power Project Refunding Revenue Bonds, Series 2012, may be issued to refund all of UAMPS' Outstanding Payson Power Project Revenue Bonds, 2003 Series A, originally issued in the aggregate principal amount of $100,850,000, and all of UAMPS' outstanding Special Obligation Revenue Bonds, Series 2007, originally issued in the aggregate principal amount of $2,751,000.

Each Supplemental Indenture authorizing the issuance of a Series of Refunding Bonds shall specify the Bonds to be refunded.

Each Series of Refunding Bonds (other than crossover refunding bonds) shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required under *"General Provisions"* above) of the following documents or moneys or securities:

(1) A written certificate of UAMPS stating that the issuance of such Series of Refunding Bonds complies with the requirements of the Indenture and the Power Sales Contracts;

(2) Irrevocable instructions to the Trustee, satisfactory to it, to give due notice of any redemption of the Bonds to be refunded on the redemption date or dates specified in such instructions;

(3) If, within the next succeeding 90 days, the Bonds to be refunded do not mature, are not redeemable or are not to be redeemed, irrevocable instructions to the Trustee satisfactory to it, to mail the notice provided for in the Indenture to the Owners of the Bonds being refunded; and

(4) Either (A) moneys in an amount sufficient to effect payment of the principal or the applicable Redemption Price of the Bonds to be refunded, together with accrued interest to the maturity or redemption date, as the case may be, which moneys shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for the Bonds to be refunded, or (B) Investment Securities in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications and any moneys, as shall be necessary to comply with the provisions of the Indenture, which Investment Securities and moneys shall be held in trust and used only as provided in the Indenture.

A Series of Refunding Bonds may be combined with a Series of Additional Bonds. The Indenture contains certain special requirements for the issuance of crossover refunding bonds.

Bond Anticipation Notes. One or more Series of Bond Anticipation Notes may be authenticated and delivered upon original issuance from time to time in such principal amount for each such Series as may be determined by UAMPS for the purpose of paying or providing for the payment of all or a portion of the Cost of Construction of any Additional Facilities, or the refunding of Bond Anticipation Notes, or a combination of such purposes. UAMPS covenants in the Indenture to apply so much of the proceeds of the Bonds in anticipation of which such Bond Anticipation Notes have been issued as shall be necessary to provide for the payment of all Principal Installments on such Bond Anticipation Notes.

The payment of the interest on Bond Anticipation Notes shall be on a parity with the lien and charge created in the Indenture for the payment of the principal of and interest on the Bonds. The payment of the Principal Installments on Bond Anticipation Notes shall be paid *first*, from the proceeds of Bonds issued by UAMPS and *second*, to the extent not so paid, as an item of Subordinated Indebtedness and the Supplemental Indenture pursuant to which any Series of Bond Anticipation Notes is issued shall so provide. Such Supplemental Indenture shall also provide that each of such Bond Anticipation Notes shall state on its face that the payment of Principal Installments thereof is so subordinated, and shall contain certain other requirements listed in the Indenture.

No Bond Anticipation Note shall mature later than five years from its date, including all refundings thereof by Bond Anticipation Notes.

PARTICULAR COVENANTS

Punctual Payment. UAMPS will punctually pay or cause to be paid the principal, Redemption Price and interest on the Bonds in strict conformity with the terms of the Bonds and the Indenture, and UAMPS will punctually pay or cause to be paid all sinking fund installments which may be established for any Series of Bonds.

Operation and Maintenance. UAMPS shall, subject to the provisions of the Project Agreements and consistent with the terms and provisions thereof and with prudent utility practice, (a) cause the Payson Power Project to be operated, maintained and managed in an efficient and economical manner consistent with the Power Sales Contracts, (b) cause the Payson Power Project to be maintained, preserved and kept in good repair, working order and condition, and (c) cause all necessary and proper repairs, replacements and renewals to be made so that the operating efficiency of the Payson Power Project will be of a high character.

Power to Own Payson Power Project and Collect Charges; Maintenance of Revenues. UAMPS has, and will have as long as any Bonds are outstanding, good, right and lawful power to own the Payson Power Project and to sell the capacity or output thereof upon the terms and conditions contained in the Power Sales Contracts. UAMPS shall promptly collect all amounts payable under the Power Sales Contracts as the same become due, and shall at all times maintain and promptly and vigorously enforce its rights against any Participant who does not pay such charges when due. UAMPS will at all times comply with all terms, covenants and provisions, express and implied, of the Project Agreements and the Power Sales Contracts and all other contracts or agreements affecting or involving the Payson Power Project or business of UAMPS with respect thereto. UAMPS will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such Supplemental Indentures and such further accounts, instruments and transfers as may be reasonably required for the better assuring, pledging and confirming to the Trustee all and singular the Revenues, including the payments to be made by the Participants or other users, and the other amounts pledged by the Indenture to the payment of the principal of, Redemption Price and interest on the Bonds. UAMPS will not sell, convey, mortgage, encumber or otherwise dispose of any part of the Revenues, except as specifically authorized in the Indenture.

Power Sales Contracts and Project Agreements. UAMPS agrees that if an Event of Default exists and is continuing under the Indenture (see "Events of Default" below), the Trustee in its name or in the name of UAMPS may enforce all rights of UAMPS and all obligations of the Participants and UAMPS under and pursuant to the Power Sales Contracts for and on behalf of the Bondowners.

UAMPS shall collect and forthwith deposit in the Revenue Fund all amounts payable to it by the Participants pursuant to the Power Sales Contracts or pursuant to any other contract for the use or sale of the capacity or output of the Payson Power Project or any part thereof. UAMPS shall enforce the provisions of the Power Sales Contracts and duly perform its covenants and agreements thereunder. UAMPS will not consent or agree to or permit any rescission of or amendment to or otherwise take any action under or in connection with the Power Sales Contracts which will reduce the aggregate amount of the payments required thereunder or which will in any manner materially impair or materially adversely affect the rights of UAMPS thereunder or the rights or security of the Bondowners under the Indenture. So long as the Bonds are outstanding, UAMPS shall not establish a "Billing Period" (as defined in the Power Sales Contracts) that is longer than one month.

If for any reason any of the Power Sales Contracts is no longer in force and effect, UAMPS, to the extent permitted by law, shall enter into one or more power sales contracts or make other arrangements for the disposition of capacity or output of the Payson Power Project to purchasers in order to provide Revenues. UAMPS shall, to the extent permitted by law, provide for the payment of Revenues pursuant to any power sales contracts so entered into or other arrangements so made which will be fully sufficient to pay the principal or Redemption Price and interest to become due in respect of all Bonds in strict conformity with the terms of the Bonds and the Indenture.

Failure of a Participant to make to UAMPS any of the payments for which provision is made in its Power Sales Contract within 5 business days after the due date of any such payment shall constitute an immediate default on the part of such Participant under its Power Sales Contract. Upon the occurrence of such an event of default under any Power Sales Contract, UAMPS shall immediately take all actions authorized by the Power Sales Contract against such Participant and with respect to its Entitlement Share pursuant to the terms of the Power Sales Contract.

UAMPS covenants and agrees that it will duly perform its obligations under the Project Agreements and will enforce the provisions thereof against the other parties thereto. UAMPS will not consent or agree to any termination of or amendment to any of the Project Agreements which, in the judgment of UAMPS, will materially and adversely affect its rights thereunder.

Notwithstanding any other provision of the Indenture, UAMPS and the Participants may enter into supplements to the Power Sales Contracts in connection with any Additional Facilities, and may revise Schedule I to the Power Sales Contracts, so long as the sum of all of the Entitlement Shares and the sum of all of the Debt Service Shares listed thereon each equal 100%.

Notwithstanding ay other provision of the Indenture, UAMPS may revise Schedule I to the Power Sales Contracts in connection with a sale or assignment permitted under and in accordance with Section 17(c) thereof, so long as the sum of all of the Entitlement Shares and the sum of all of the Debt Service Shares listed thereon each equal 100%.

Observance of Law and Regulations. UAMPS will keep, observe and perform all valid and lawful obligations or orders or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States of America or of the State of Utah, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege, license or franchise now owned or hereafter acquired by UAMPS relating to or affecting the Payson Power Project or the Participants, including its right to exist and carry on business, to the end that such rights, privileges, license and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired; *provided, however,* that UAMPS shall not be required to comply with any such orders so long as the validity or application thereof shall be contested in good faith.

Rates, Fees and Charges. UAMPS shall at all times establish and collect rates and charges for the use of the capacity and output of the Payson Power Project or the sale of the capacity or service of the Payson Power Project, as shall be required to provide Revenues at least sufficient in each Fiscal Year, together with other available funds, for the payment of the sum of:

(1) Operation and Maintenance Costs during such Fiscal Year;

(2) An amount equal to the Aggregate Debt Service for such Fiscal Year;

(3) The amount, if any, to be paid during such Fiscal Year into the Debt Service Reserve Account in the Bond Fund; and

(4) All other charges or amounts payable out of Revenues during such Fiscal Year.

Payment of Taxes and Charges. UAMPS will from time to time duly pay and discharge, or cause to be paid and discharged, all taxes, assessments and other governmental charges, or required payments in lieu thereof, lawfully imposed upon the properties of the Payson Power Project or upon the Revenues when the same become due (except those taxes, assessments, charges or claims which UAMPS shall in good faith contest by proper legal proceeding if

UAMPS shall in all such cases have set aside on its books reserves deemed adequate with respect thereto), and will duly observe and conform to all valid requirements of any governmental authority relative to any such properties. UAMPS will keep the Payson Power Project and all parts thereof free from judgments, mechanics' and materialmen's liens (except those arising by mere operation of law from the acquisition of the Initial Facilities and any Additional Facilities which are paid in due course) and free from all other liens, claims, demands and encumbrances of whatsoever prior nature or character, to the end that the priority of the lien of the Indenture on the Revenues may at all times be maintained and preserved, and be free from any claim or liability which might embarrass or hamper UAMPS in conducting its business.

Insurance. Subject in each case to the conditions that similar insurance is usually carried by utilities constructing and operating electric generation facilities comparable other Payson Power Project and that such insurance is obtainable at reasonable rates and upon reasonable terms and conditions, (1) UAMPS will secure and maintain, or cause there to be secured and maintained, insurance on the physical properties of the Payson Power Project with a value in excess of $100,000, and public liability insurance in the amounts and against such risks as are usually insurable in connection with similar facilities and are normally carried by municipal corporations engaged in the operation of similar properties; (2) UAMPS will secure and maintain adequate fidelity insurance or bonds on the positions of any person or persons handling or responsible for funds of UAMPS related to the Payson Power Project; and (3) UAMPS may, in its sole discretion, obtain business interruption insurance with respect to the Payson Power Project. UAMPS will annually file with the Trustee, a written statement describing the insurance then in effect, any damage or destruction to any portion of the Payson Power Project and the amount of insurance proceeds covering such loss.

Accounts and Reports. UAMPS will at all times keep, or cause to be kept, proper books of record and accounts, separate and apart from all other records and accounts of UAMPS, in which complete and accurate entries shall be made of all transactions relating to the Payson Power Project, the Revenues, the Funds and the Power Sales Contracts. The Indenture requires UAMPS to place on file with Trustee from time to time various audited and unaudited financial statements and various reports relating to the Payson Power Project, the Revenues, the Funds and the Power Sales Contracts. Such records and filings are available at all times during business hours for inspection by the Owners of not less than 5 percent of the Bonds then outstanding and by other parties.

Creation of Liens. UAMPS shall not issue any bonds, notes, debentures, or other evidences of indebtedness of similar nature, other than the Bonds and the Bond Anticipation Notes, payable out of or secured by a pledge or assignment of the Revenues or other moneys, securities or funds held or set aside by UAMPS or by the fiduciaries under the Indenture and shall not create or cause to be created any lien or charge on the Revenues, or such moneys, securities or funds; *provided, however*, that UAMPS may enter into Swap Agreements and may incur Subordinated Indebtedness upon the terms and conditions set forth in the Indenture.

UAMPS will not create, and will use its good faith efforts to prevent the creation of, any mortgage or lien upon the Payson Power Project or any property essential to the proper operation of the Payson Power Project or to the maintenance of the Revenues. UAMPS will not create, or permit the creation of, any pledge, lien, charge or encumbrance upon the Revenues except only as provided in or permitted by the Indenture.

Eminent Domain. If all or any part of the Payson Power Project shall be taken by eminent domain proceedings or conveyance in lieu thereof, the net proceeds realized by UAMPS therefrom shall be (a) applied to replace the lost portion of the Payson Power Project or (b) deposited with the Trustee in a special fund in trust and shall be applied and disbursed by the Trustee subject to the following conditions:

(1) If such funds are sufficient to provide for the payment of the entire amount of principal due or to become due upon all of the outstanding Bonds, together with all of the interest due or to become due thereon and any redemption premiums thereon, so as to enable UAMPS to retire all of the Bonds then outstanding, either by call and redemption at the then current Redemption Prices or by payment at maturity or partly by redemption prior to maturity and partly by payment at maturity, the Trustee shall apply such moneys to such retirement or payment, as appropriate, and to the payment of such interest. Pending the application of such proceeds for such purpose, such moneys shall be invested by the Trustee in Government Obligations. The balance of such moneys, if any shall be transferred to UAMPS.

(2) If such proceeds are insufficient to provide the moneys required for the purposes described in subparagraph (1) above, UAMPS shall request the Trustee in writing to apply such proceeds for one of the following purposes: (a) to the purchase, redemption or retirement of Bonds; (b) to the cost of additions, improvements or extensions to the Payson Power Project; or (c) for deposit into the Revenue Fund.

Reconstruction; Application of Insurance Proceeds. In the event any useful portion of the Payson Power Project shall be damaged or destroyed, UAMPS shall determine whether to proceed with the reconstruction or replacement thereof or to terminate the Payson Power Project. In making such determination, UAMPS shall obtain (and shall be entitled to rely upon) a report of a Qualified Engineer setting forth such engineer's recommendations as to the reconstruction, replacement or termination of the Payson Power Project. In the event that UAMPS determines not to reconstruct or replace the Payson Power Project, the proceeds of any insurance received by UAMPS on account of such damage or destruction (other than any business interruption loss insurance), shall be deposited into a special account in the Bond Fund and shall be used, together with other legally available moneys for such purpose, to redeem or defease Bonds. Subject to the provisions of the Indenture, any balance of such proceeds of insurance not needed to pay such cost of reconstruction or replacement and any investment earnings thereon, shall be deposited into the Revenue Fund. If the proceeds of insurance to be applied to the reconstruction or replacement of any portion of the Payson Power Project are insufficient for such purpose, the deficiency may be supplied out of moneys in the Stabilization Fund or other legally available monies. The proceeds of business interruption loss insurance, if any, shall be paid into the Revenue Fund.

Construction of Initial Facilities and Additional Facilities. UAMPS will cause the acquisition and construction of the Initial Facilities and any Additional Facilities to be accomplished in a sound and economic manner and as expeditiously as is practicable, in accordance with the provisions of the Project Agreements. UAMPS will, as expeditiously as is practicable, take all action on its part necessary to acquire any regulatory permits and approvals needed to acquire, construct, own, and maintain the Payson Power Project. UAMPS will promptly and vigorously enforce the obligations of the EPC Contractor under the EPC Agreement. UAMPS will vigorously enforce and defend its rights under the Project Agreements and will not consent or agree to any amendment of the Project Agreements that materially and adversely affects its rights thereunder.

Annual Budget; Limitation on Operation and Maintenance Costs. Prior to the beginning of each Fiscal Year, UAMPS shall prepare and file with the Trustee for the ensuing Fiscal Year an Annual Budget recommended by the Project Management Committee and approved by the Board of Directors of UAMPS. UAMPS shall not expend any amount from the Operation and Maintenance Fund for Operation and Maintenance Costs for any Fiscal Year in excess of the amounts provided therefor in the Annual Budget as then in effect except under certain circumstances enumerated in the Indenture.

CONCERNING THE TRUSTEE

The Trustee shall perform the trusts contained in the Indenture as a corporate trustee ordinarily would perform such trusts under a corporate indenture, upon and subject to the express terms and conditions set forth in the Indenture. The Trustee shall perform such duties and only such duties as are specifically set forth in the Indenture and shall also act as registrar and paying agent.

The Trustee may resign at any time by giving not less than 60 days' notice to UAMPS; *provided* that no such resignation of the Trustee shall take effect until a successor Trustee shall have been appointed and shall have accepted the duties of the Trustee under the Indenture. So long as no Event of Default has occurred and is continuing hereunder, UAMPS may at any time and shall following the breach by the Trustee of the trusts set forth in the Indenture, remove the Trustee and appoint a successor. The Trustee also may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the Owners of a majority in principal amount of the Bonds then outstanding or their attorneys-in-fact duly authorized. Notice of any resignation or removal of the Trustee shall be given to the Bond owners as provided in the Indenture.

UAMPS covenants and agrees in the Indenture to pay to the Trustee its reasonable compensation and its reasonable expenses, disbursements and advances and to indemnify the Trustee against certain liabilities arising out of the performance of its duties under the Indenture. The Indenture grants to the Trustee a lien prior to the lien of the Bonds upon all property or funds held or collected by the Trustee (other than funds held in trust for particular Bonds) to secure UAMPS' obligations to compensate and indemnify the Trustee.

EVENTS OF DEFAULT

The occurrence of one or more of the following events shall constitute an *"Event of Default"*:

(1) failure by UAMPS to make the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise;

(2) failure by UAMPS to make the due and punctual payment of any installment of interest on any Bond or any sinking fund installment when and as such interest installment or sinking fund installment shall become due and payable;

(3) failure by UAMPS to observe any of the covenants, agreements or conditions on its part contained in the Indenture or in the Bonds, and failure to remedy the same for a period of sixty (60) days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to UAMPS by the Trustee, or to UAMPS and the Trustee by the Owners of not less than 25% in aggregate principal amount of the Bonds at the time outstanding; or

(4) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, including without limitation proceedings under Chapter 9 of Title 11, United States Code (as the same may from time to time be amended), or other proceedings for relief under any federal or state bankruptcy law or similar law for the relief of debtors are instituted by or against UAMPS and if instituted against UAMPS, said proceedings are consented to or are not dismissed within 30 days after such institution; *provided, however,* that such event shall not constitute an Event of Default unless in addition, (a) UAMPS is unable to meet its debts with respect to the Payson Power Project as such debts become due or (b) any plan of adjustment or other action in such proceeding would affect in any way the Revenues or the Payson Power Project.

ACCELERATION

Upon the occurrence of an Event of Default, unless the principal of all the Bonds shall have already become due and payable:

(1) the Trustee may, or

(2) upon receipt of the written request of the Owners of not less than 25% of the aggregate principal amount of the Bonds at the time outstanding (subject to any limitations specified in a Supplemental Indenture authorizing a Series of Bonds with respect to the rights of the Owners of such Bonds), the Trustee shall, declare upon notice in writing to UAMPS the principal of all the Bonds then outstanding, and the interest accrued thereon, to be due and payable immediately. Upon such declaration such principal and interest shall be immediately due and payable, notwithstanding anything to

the contrary contained in the Indenture or in the Bonds; *provided* that with respect an Event of Default described in subsection (1) or (2) under *"Event of Default"* relative to any Series of Bonds outstanding secured by a Security Instrument which is in full force and effect and not in default on any payment obligation thereunder, no acceleration of such Series of Bonds shall occur without the written consent of such Security Instrument Issuer.

The right of the Trustee to make any such declaration as described above, however, is subject to various conditions set forth in the Indenture and any such declaration may be rescinded and annulled as provided in the Indenture.

BONDHOLDER RIGHTS

No owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, with respect to the Indenture, or for the appointment of a receiver or trustee, or for any other remedy thereunder, unless:

(1) such owner has previously given written notice to the Trustee of a continuing Event of Default;

(2) the owners of not less than 25% in aggregate principal amount of the outstanding Bonds shall have made written request to the Trustee to institute proceedings in respect of such Event of Default;

(3) such owners have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceedings; and

(5) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the owners of a majority in principal amount of the outstanding Bonds.

In addition, no one or more owners of Bonds shall have any right to affect, disturb or prejudice the rights of any other owners of Bonds, or to obtain or to seek to obtain priority or preference over any other such parties or to enforce any right under the Indenture, except as provided in the Indenture.

Notwithstanding any other provision in the Indenture, the owner of any Bond shall have the right to receive payment of the principal or Redemption Price of and interest on such Bond on the respective stated maturities expressed in such Bond (or, in the case of redemption, on the redemption date of such Bond) and to institute suit for the enforcement of any such payment. Such right to receive payment shall not be impaired without the consent of such owner.

The owners of a majority of the principal amount of the outstanding Bonds shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, *provided* that:

(1) such direction shall not be in conflict with any rule of law or the Indenture,

(2) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the owners not taking part in such direction, and

(3) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

No remedy in the Indenture conferred upon or reserved to the Trustee or to the owners of Bonds is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and in addition to every other remedy given under the Indenture or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised at any time or from time to time, and as often as may be necessary, by the Trustee or the Owner of any one or more of the Bonds. Nothing in the Indenture shall permit the levy of any attachment or execution upon any of the properties of UAMPS, nor shall any properties of UAMPS be subject to forfeiture by reason of any default under the Indenture, it being expressly understood and agreed by each and every Bondowner by the acceptance of any Bond that the rights of all such Bondowners are limited and restricted to the use and application of Revenues, Funds and other moneys, securities and funds pledged under the Indenture in accordance with the terms of the Indenture.

APPOINTMENT OF RECEIVER

Upon the occurrence of an Event Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondowners, the Trustee shall be entitled, as a matter or right, to the appointment of a receiver or receivers of the trust estate created by the Indenture, including, without limitation, the proceeds of the sale of the Bonds, the Revenues and the Funds, including the investments, if any, thereof, pending such proceedings, with such powers as a court making such appointments shall confer.

MODIFICATION OR AMENDMENT OF INDENTURE

UAMPS and the Trustee may from time to time and at any time enter into a Supplemental Indenture modifying or amending the Indenture or any Supplemental Indenture and the rights and obligations of UAMPS, the Trustee and of the Owners of the Bonds pursuant to the affirmative vote at a meeting of Bondowners, or with the written consent without a meeting, (1) (A) of the Owners of at least a majority in principal amount of the Bonds then outstanding, or (B) in case less than all of the several Series of Bonds then outstanding are affected by the modification or amendment, of the Owners of at least a majority in principal amount of the Bonds of each Series so affected and then outstanding, and (2) in case the modification or amendment changes the terms of any sinking fund installment, of the Owners of at least 60% in principal amount of the Bonds of the particular Series and maturity entitled to such sinking fund installment and then outstanding; *provided, however*, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series remain outstanding, the consent of the Owners of Bonds of such Series shall not be required and Bonds of such Series shall not be deemed to be outstanding for the purpose of any calculation of outstanding bonds under the Indenture.

UAMPS and the Trustee may also from time to time and at any time enter into a Supplemental Indenture modifying or amending the Indenture or any Supplemental Indenture and the rights and obligations of UAMPS and the Owners of the Bonds, without the consent of any Bondowners for any of the following purposes:

(1) to provide additional covenants and agreements of UAMPS to those therefor contained in the Indenture;

(2) to surrender any right or power reserved to or conferred upon UAMPS by the Indenture;

(3) to limit the principal amount of Bonds that may be issued under the Indenture;

(4) to make such provisions for the purpose of curing any ambiguity, or of curing or correcting any defective provision contained in the Indenture or in regard to questions arising under the Indenture, as UAMPS may deem necessary or desirable, and which, in accordance with the Indenture, shall not adversely affect the interests of the Owners of the Bonds;

(5) to provide for the issuance of a Series of Bonds, the execution of a Swap Agreement or the issuance or occurrence of Subordinated Indebtedness in accordance with the provisions of the Indenture;

(6) to provide for the issuance of the Bonds pursuant to a book-entry system or as uncertificated registered public obligations pursuant to the provisions of the Registered Public Obligations Act, Chapter 7 of Title 15 of the Utah Code Annotated 1953, as amended, or any successor provision of law;

(7) to make any change which, in the judgment of the Trustee, shall not materially adversely affect the rights or interests of the Owners of any outstanding Bonds and is required by a Rating Agency in order to obtain or maintain any rating on the Bonds;

(8) to make any change necessary (A) to establish or maintain the exemption from federal income taxation of interest on any Series of Bonds as a result of any modifications or amendments to Section 148 of the Code (or any successor provision of law) or interpretations thereof by the Internal Revenue Service, or (B) to comply with the provisions of Section 148(f) of the Code (or any successor provision of law), including

provisions for the payment of all or a portion of the investment earnings of any of the Funds established under the Indenture to the United States of America;

(9) to evidence the appointment of a successor Trustee;

(10) if the Bonds affected by such change are rated by a Rating Agency, to make any change which does not result in a reduction of the rating applicable to any of the Bonds so affected, *provided* that if any of the Bonds so affected are secured by a Security Instrument, such change must be approved in writing by the issuer of such Security Instrument;

(11) if the Bonds affected by such change are secured by a Security Instrument, to make any change approved in writing by the issuer of such Security Instrument, *provided* that if any of the Bonds so affected are rated by a Rating Agency, such change shall not result in a reduction of the rating applicable to any of the Bonds so affected;

(12) to the extent permitted by a Supplemental Indenture authorizing a Series of Additional Bonds (or Bond Anticipation Notes), the designation of additions, improvements and extensions to the Payson Power Project as Additional Facilities by such Supplemental Indenture may be modified or amended if UAMPS delivers to the Trustee an engineer's certificate to the effect that such modification or amendment will not adversely impact UAMPS' ability to perform the covenants relating to rates or charges contained in the Indenture;

(13) to change or modify the Initial Facilities or the designation of the properties, facilities, improvements and equipment as Initial Facilities, and in connection therewith UAMPS may enter into amended or additional Power Sales Contracts, upon submission to the Trustee of: (i) a Supplemental Indenture designating the facilities to comprise the Initial Facilities, (ii) an Opinion of Counsel of nationally recognized bond counsel to the effect that such change to the Initial Facilities and such amended or additional Power Sales Contracts, if any, will not adversely affect the validity of any Bonds previously issued and then Outstanding or the exclusion from federal gross income of the interest thereon, if any, (iii) a Written Certificate of UAMPS setting forth the Estimated Completion Date and the estimated Cost of Construction of the changed Initial Facilities, and certifying that such changes, and the execution of any additional Power Sales Contracts, will not adversely affect UAMPS' ability to comply with the provisions of the Indenture, particularly Section 6.10, (iv) a Written Certificate of UAMPS certifying compliance with the provisions of the Power Sales Contracts in connection with the changes to the Initial Facilities and the execution of any amended or additional Power Sales Contracts, (v) a confirmation from each Rating Agency then maintaining a rating on any Outstanding Bonds that the changes to the Initial Facilities and execution of any amended or additional Power Sales Contracts will not adversely affect its rating on such Bonds, and (vi) if UAMPS enters into any amended or additional Power Sales Contracts, (A) a copy of each amended or additional Power Sales Contract, (B) a revised Schedule I to the Power Sales Contracts, and (C) an Opinion of Counsel of nationally recognized bond counsel to the effect that such amended or additional Power Sales

Contracts constitute the valid and binding obligation of UAMPS and the Participants, and are enforceable in accordance with their terms; and

(14) in connection with the acquisition or construction of any Additional Facilities, UAMPS may enter into amended or additional Power Sales Contracts, upon submission to the Trustee of: (i) a Supplemental Indenture designating the facilities to comprise the Additional Facilities, (ii) an Opinion of Counsel of nationally recognized bond counsel to the effect that such amended or additional Power Sales Contracts, if any, will not adversely affect the validity of any Bonds previously issued and then Outstanding or the exclusion from federal gross income of the interest thereon, if any, (iii) a Written Certificate of UAMPS certifying that such execution of amended or additional Power Sales Contracts will not adversely affect UAMPS' ability to comply with the provisions of the Indenture, particularly Section 6.10, (iv) a Written Certificate of UAMPS certifying compliance with the provisions of the Power Sales Contracts in connection with such execution of amended or additional Power Sales Contracts, (v) a confirmation from each Rating Agency then maintaining a rating on any Outstanding Bonds that such execution of amended or additional Power Sales Contracts will not adversely affect its rating on such Bonds, (vi) a copy of each amended or additional Power Sales Contract, (vii) a revised Schedule I to the Power Sales Contracts, and (viii) an Opinion of Counsel of nationally recognized bond counsel to the effect that such amended or additional Power Sales Contracts constitute the valid and binding obligation of UAMPS and the Participants, and are enforceable in accordance with their terms.

No modification or amendment shall be permitted pursuant to paragraph (10), 11) or (12) unless UAMPS delivers to the Trustee an opinion of counsel of nationally recognized standing in the field of law relating to municipal bonds to the effect that such modification or amendment will not adversely affect the tax-exempt status or validity of any Bonds affected by such modification or amendment.

No modification or amendment permitted by the Indenture shall (1) extend the fixed maturity of any Bond, or reduce the principal amount or Redemption Price thereof, or reduce the rate or extend the time of payment of interest thereon, without the consent of the Owner of each Bond so affected, or (2) reduce the aforesaid percentage of Bonds required for the affirmative vote or written consent to an amendment or modification of the Indenture, without the consent of the Owners of all of the Bonds then outstanding, or (3) without its written consent thereto, modify any of the rights or obligations of the Trustee.

Each Supplemental Indenture modifying or amending the Indenture as described above shall become effective as of the date of its execution and delivery by UAMPS and the Trustee or such later date as shall be specified in such Supplemental Indenture.

ARBITRAGE COVENANT

UAMPS covenants that moneys on deposit in any Fund, whether or not such moneys were derived from proceeds of sales of Bonds or from any other sources, will not be used in a manner which will cause any Bonds, the interest on which is to be exempt from federal income taxation under the Code, to be "arbitrage bonds" within the meaning of Section 148 of the Code; *provided, however,* that this covenant shall not prevent the issuance of a Series of Bonds the interest on which is subject to Federal income taxation under the Code.

DISCHARGE OF INDEBTEDNESS

If UAMPS shall pay or cause to be paid, or there shall otherwise be paid, subject to any limitations contained in a Supplemental Indenture with respect to a Series of Bonds, to the Owners of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, then the pledge of any Revenues and other moneys, securities and Funds pledged under the Indenture and all covenants, agreements and other obligations of UAMPS to the Bondowners shall thereupon cease, terminate and become void and be discharged and satisfied.

If UAMPS shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of any outstanding Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, such Bonds shall cease to be entitled to any lien, benefit or security under the Indenture, and all covenants, agreements and obligations of UAMPS to the Owners of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

All or any portion of the Bonds of any Series or maturity shall prior to the maturity or redemption date thereof be deemed to have been paid if (1) in case any of said Bonds are to be redeemed on any date prior to their maturity, UAMPS shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail as provided in the Indenture notice of redemption of such Bonds on said date, (2) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Government Obligations the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (3) in the event said Bonds do not mature, are not redeemable or are not to be redeemed, in each case, within the next succeeding 90 days, UAMPS shall have given the Trustee in form satisfactory to it irrevocable instructions to mail, first class postage prepaid, a notice to the Owners of such Bonds that the deposit required by (2) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Indenture and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds.

Neither Government Obligations nor moneys deposited with the Trustee pursuant to the Indenture nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds; *provided* that any cash received from such principal or interest payments on such Government Obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to UAMPS, as received by the Trustee, free and clear of any trust, lien or pledge.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE POWER SALES CONTRACTS

The following is a summary of certain provisions of the Payson Power Project Power Sales Contracts between UAMPS and each of the Participants (the *"Power Sales Contracts"*). This summary is not to be considered a full statement of the terms of such Power Sales Contracts and accordingly is qualified in its entirety by reference thereto and is subject to the full text thereof. Capitalized terms not defined herein or elsewhere in this Official Statement have the meanings set forth in the Power Sales Contracts. Certain of the capitalized terms used herein are defined in "CERTAIN DEFINITIONS" in APPENDIX B to this Official Statement.

TERM

The Power Sales Contracts remain in effect, unless earlier terminated in accordance with their terms, until the later of (i) the date on which the principal of, premium, if any, and interest on all Bonds have been paid or sufficient funds have been irrevocably set aside for the full defeasance thereof and all other obligations of UAMPS under the Financing Documents have been paid or satisfied, all as determined in accordance with the Financing Documents, and (ii) February 17, 2049 or such later date to which UAMPS' existence shall be extended; *provided, however,* that in compliance with the Act, the term of the Power Sales Contracts shall not extend for more than fifty years from their effective date.

Financing Documents is defined in the Power Sales Contracts as the bond resolution, indenture, trust agreement or other instrument or instruments providing for the issuance of and the security for the Bonds and any Bond Anticipation Notes and all amendments thereof and supplements thereto.

SALE AND PURCHASE; PAYMENTS

From and after the date of the acquisition by UAMPS of the Payson Power Project, UAMPS is to sell to each Participant, and each Participant is to purchase from UAMPS the Participant's Entitlement Share. Each Participant's payments shall include (i) for its share of Debt Service Costs (as defined in the Power Sales Contracts), an amount determined by multiplying Debt Service Costs by the Participant's Debt Service Share; (ii) for its share of Operation and Maintenance Costs (as defined in the Power Sales Contracts), an amount determined by multiplying Operation and Maintenance Costs by the Participant's Entitlement Share; and (iii) the Wheeling Costs actually incurred in transmitting the Electric Energy allocable to the Participant's Entitlement Share to the Participant's Point of Delivery for such Billing Period. For information concerning each Participant's Entitlement Share and Debt Service Share see "THE PARTICIPANTS—Schedule of Entitlement and Debt Service Shares" in this Official Statement.

Debt Service Costs are defined in the Power Sales Contracts as, for each Billing Period of each Contract Year, an amount equal to the sum of (i) the interest accruing on the Bonds during such Billing Period, except to the extent that amounts are on deposit under the Financing Documents to pay such interest from the proceeds of Bonds; (ii) the amounts falling due during such Billing Period under any Interest Rate Contract with respect to the Bonds; (iii) the portion of the next due principal installment on the Bonds accruing on the Bonds (which shall be deemed to accrue in the same manner as interest accrues) during such Billing Period, all as calculated in accordance with the Financing Documents; (iv) any additional amounts necessary or required to be deposited into the Bond Fund or the Subordinated Indebtedness Fund under the provisions of the Financing Documents; and (v) the accruing principal of and interest on any Bond Anticipation Notes or obligations subordinate to the Bonds issued by UAMPS pursuant to the Financing Documents and amounts necessary to provide or replenish and necessary reserves in connection with such obligations. Debt Service Costs also include trustee, paying agent, escrow agent and other fiduciaries' fees and expenses, the amounts required to be paid from time to time to maintain any credit or liquidity instruments for and ratings on the Bonds and other costs payable by UAMPS from time to time in connection with the Bonds.

Debt Service Percentage is defined in the Power Sales Contracts as, with respect to each Participant and as of any date of determination, the percentage obtained by subtracting the Participant's Prepayment Percentage from the Participant's Entitlement Share.

Debt Service Share is defined in the Power Sales Contracts as, with respect to each Participant and as of any date of determination, the actual percentage of Debt Service Costs payable by the Participant, determined by dividing the Participant's Debt Service Percentage (expressed as a decimal) by the sum (expressed as a decimal) of the Debt Service Percentages of all Participants, including the Participant whose Debt Service Share is being determined.

Operation and Maintenance Costs is defined in the Power Sales Contracts as all costs and expenses (other than Wheeling Costs and Debt Service Costs) attributable to the Payson Power Project that are paid, payable, incurred or accrued by UAMPS during each Billing Period resulting from the ownership, operation, maintenance and termination of, and repairs, renewals, replacements, additions, improvements, and betterments and modifications to, the Payson Power Project. Operation and Maintenance Costs also include, without limitation, the following items of cost:

(1) any amount which UAMPS may be required during such Billing Period to pay for the prevention or correction of any unusual loss or damage or for renewals, replacements, repairs, additions, improvements, modifications and betterments which arise out of or are required by the Project Agreements for which UAMPS is obligated, but only to the extent that funds for such payment are not provided by the issuance of the Bonds or prepayments made by the Participants;

(2) the costs of operating and maintaining the Payson Power Project and of producing and delivering electric power and energy therefrom during such Billing Period, including the operation and maintenance expenses and fuel costs of the Payson Power Project pursuant to the Project Agreements, amounts payable under the Operating

Agreement and each Fuel Agreement, the portion of UAMPS' administrative and general expenses allocable or directly charged to the Payson Power Project, working capital and reserves for the payment of operation and maintenance expenses, and all other costs and expenses (but excluding depreciation) not included in the costs specified in the other items of this definition and properly chargeable to the Payson Power Project;

(3) legally required or permitted federal, state and local taxes and ad valorem taxes or payments in lieu of ad valorem taxes, in each case related to the Payson Power Project;

(4) all other amounts, including fuel and coal costs, payable by UAMPS pursuant to the provisions of the Project Agreements;

(5) any additional amount not specified in the other items of this definition which must be paid by UAMPS during such Billing Period under the Project Agreements, including all amounts payable under the Host City Agreement and all rents and other amounts payable under the Ground Lease;

(6) amounts to be deposited into the Reserve and Contingency Fund established pursuant to the Power Sales Contracts;

(7) legal, engineering and accounting fees and expenses, the cost of any litigation related to the Payson Power Project, the Project Agreements, the Power Sales Contracts and the interests and transactions contemplated by such agreements and the Power Sales Contracts, the costs of technical and advisory services and the cost of governmental and regulatory permits and approvals, all to the extent allocable to the Payson Power Project;

(8) the costs of Additional Facilities, but only to the extent not paid or financed as a portion of the Cost of Construction;

(9) all other amounts payable by UAMPS under the terms of the Operating Agreement; and

(10) the costs of, or reserve for the costs of, decommissioning or removing from service all or any part of the Project.

Wheeling Costs is defined in the Power Sales Contracts as, for each Billing Period of each Contract Year, all capital, operating and other costs and expenses paid, payable, incurred or accrued by UAMPS during such Billing Period for the transmission of Electric Energy from the Payson Power Project to the Participant's Point of Delivery pursuant to the Transmission and Interconnection Agreements otherwise.

PREPAYMENTS

A Participant may elect to make one or more prepayments to UAMPS pursuant to and in accordance with the procedures set forth in the Power Sales Contracts. A Participant may only make a prepayment at the time of the financing of the Cost of the Project through the issuance of Bonds, Additional Bonds or other obligations under the Financing Documents. In connection with each prepayment that may be made by the Participant pursuant to the Power Sales Contracts the Participant acknowledges and agrees with UAMPS that:

(1) each prepayment shall be held, invested and applied in accordance with the provisions of, and subject to the limitations set forth in, the Financing Documents;

(2) the Participant's election to make a prepayment shall be irrevocable and under no circumstances whatsoever shall the Participant be entitled to a return or rebate of all or any portion of any prepayment, including, without limitation, circumstances such as the suspension, interruption, interference, reduction, curtailment or termination of the Payson Power Project;

(3) in the event of a default by the Participant under its Power Sales Contract, the Entitlement Share of the Participant may be allocated or reallocated to the other Participants pursuant to the procedures set forth in the Power Sales Contracts and, in the event that the Participant fails to cure such default within the period provided for in the Power Sales Contract, the Prepayment Percentage of the defaulting Participant may be reduced to 0%;

(4) no prepayment shall be deemed to constitute an investment by the Participant and the Participant shall not be entitled to any interest, investment earnings or rate of return on any amounts paid by it to UAMPS as a prepayment; and

(5) notwithstanding any prepayment by the Participant, UAMPS shall be obligated to provide the Electric Energy allocable to the Participant's Entitlement Share only in accordance with the terms and provisions of the applicable Power Sales Contract.

The following standards and parameters govern the calculation by UAMPS from time to time of the amount of any prepayment to be made by the Participant and the calculation by UAMPS from time to time of the Participant's Prepayment Percentage, Debt Service Percentage and Debt Service Share:

(1) as of any date of determination, the sum of the Participant's Prepayment Percentage and the Participant's Debt Service Percentage shall equal the Participant's Entitlement Share;

(2) as of any date of determination, the sum of the Prepayment Percentages and Debt Service Percentages of all Participants shall equal 100%;

(3) as of any date of determination, the sum of the Debt Service Shares of all Participants having Prepayment Percentages that are less than their respective Entitlement Shares shall equal 100%; and

(4) UAMPS shall have absolute and exclusive authority to establish escrow arrangements governing the deposit and disbursement of each prepayment and to determine and calculate from time to time the Reference Project Costs, the amount of any prepayment to be made by the Participant and the Participant's Prepayment Percentage, Debt Service Percentage and Debt Service Share, and all such determinations and calculations by UAMPS shall be conclusive and binding upon the Participant.

Reference Project Costs shall be determined by UAMPS in its sole discretion based upon the items of the Cost of the Project to be financed in connection with the initial issuance of Bonds, Additional Bonds or other obligations under the Financing Documents. The amount of Reference Project Costs shall be determined from time to time so as to provide for a proportional allocation of the Cost of the Project (other than items of the Cost of the Project related solely to the Bonds) between Bond proceeds and prepayments.

If the Participant elects to make any Prepayment, the governing body shall find and determine, and the Participant shall certify to UAMPS, among other things, that:

(1) the amounts used to make such Prepayment are derived from retained earnings of the Participant's electric enterprise fund, unexpended proceeds of borrowings previously made by the Participant for electric system purposes or other legally available moneys of the Participant; and

(2) the Participant will deposit or has deposited, as applicable, with the Trustee appointed under the Financing Documents, an amount equal to the estimated amount of the Prepayment to be made by the Participant, all in accordance with Prepayment escrow instructions provided by UAMPS.

If the governing body of the Participant elects to make any Prepayment, UAMPS will then provide the Participant with at least 15 days notice of the date by which the Participant must deposit the amount of the Prepayment into the escrow established by UAMPS. The arrangements for such special escrow account shall provide for the investment of the amount so deposited and for the disbursement of such amount and the investment earnings thereon by the Trustee upon the direction of UAMPS to pay a portion of the Cost of the Project.

The Participant acknowledges and agrees that the estimated amount of the Prepayment to be made by the Participant will be subject to adjustment to reflect the actual cost of the various items included in Reference Project Costs.

CONSTRUCTION OF THE INITIAL FACILITIES AND ADDITIONAL FACILITIES

UAMPS shall use its best efforts to cause the Initial Facilities to be expeditiously and economically acquired and constructed pursuant to the Construction Agreements. UAMPS will diligently defend and protect its rights under the Construction Agreements and will enforce the contractors' obligations under such Agreements.

UAMPS may from time to time recommend the acquisition or construction of Additional Facilities to improve or add to the Project. Any such Additional Facilities shall be approved by the Project Management Committee. Upon completion of the Initial Facilities and any Additional Facilities, UAMPS shall submit to the Project Management Committee, a final breakdown of all Costs of the Project.

BILLING PROCEDURES

The payments to be made by each Participant to UAMPS are based upon a budget for each Contract Year that is to be delivered by UAMPS to each Participant on or before the beginning of each Contract Year. A Contract Year (other than the initial Contract Year) commences on the first day of UAMPS' fiscal year (currently April 1). Such budgets are to show an annual estimate of each Participant's share of Operation and Maintenance Costs, Wheeling Costs and Debt Service Costs for the following Contract Year. The Participant is, to the extent and in the manner deemed appropriate by the Participant, to incorporate the estimates shown on the budget in its annual budgetary process for the Participant's electric enterprise fund.

The Power Sales Contracts provide for quarterly or more frequent review by UAMPS of its budget and for adjustment thereof as necessary to accommodate extraordinary receipts, credits or expenditures substantially affecting Operation and Maintenance Costs, Wheeling Costs and Debt Service Costs.

So long as the Billing Period is a month, on or before the 25th day after the end of each Billing Period, UAMPS is to render to each Participant a statement showing the amount payable by such Participant for such Billing Period in respect of: (1) Operation and Maintenance Costs, (2) Wheeling Costs, (3) Debt Service Costs and (4) any other amounts, adjustments or reconciliations payable by or credited to such Participant pursuant to the Power Sales Contract or the Financing Documents and not otherwise shown, including items of the Cost of Construction of the Payson Power Project not then or not to be financed by the issuance of Bonds or prepayments which have therefore been incurred or are then due and payable by UAMPS.

Amounts shown on the statements are due and payable to UAMPS on the 15th day following the date on which the billing statement was rendered or at such other time as may be established by UAMPS pursuant to the Power Sales Contracts. Delayed payment charges are provided for late payment. In the event of a dispute as to any monthly payment, such Participant is required nonetheless to pay the amount shown due pending final determination by agreement or by determination by the Board of Directors of UAMPS.

In order to promote the efficient and economic administration of the Payson Power Project, UAMPS may, at any time after the end of the initial Contract Year and from time to time thereafter, adopt another standard period of time as the Billing Period under the Power Sales Contracts. In addition, UAMPS may from time to time revise the billing and payment procedures provided for in the Power Sales Contracts to promote the efficient and economic administration of the Payson Power Project or to conform such billing procedures to those utilized in connection with other projects of UAMPS.

OBLIGATION OF EACH PARTICIPANT

The obligation of each Participant to make payments for Operation and Maintenance Costs, Wheeling Costs, Debt Service Costs and other amounts under its Power Sales Contract constitutes a several obligation and not a joint obligation with those of any other Participant. Each Participant's obligation to make such payments constitutes an obligation of such Participant payable as an operating expense of the Participant's electric system payable solely from the revenues and other available funds of the electric system, and constitutes a cost of purchased power and energy. Such payments shall be made whether or not the Payson Power Project or any portion thereof is acquired, completed, operable or operating and notwithstanding the suspension, interruption, interference, reduction or curtailment of the Payson Power Project Output or any termination of any of the Payson Power Project Agreements, for any reason whatsoever, in whole or in part. The obligations of each Participant to make such payments are not subject to any reduction, whether by offset, counterclaim, or otherwise, and are not conditioned upon the performance by UAMPS under the Power Sales Contracts or any other agreement or instrument.

SCHEDULING OF DELIVERIES AND DELIVERY

Each Participant shall be entitled to use Electric Energy equal to the Participant's Entitlement Share. UAMPS shall schedule or cause to be scheduled such Electric Energy in accordance with the Operating and Scheduling Procedures approved by the Project Management Committee. At any time the Payson Power Project is operable or operating, a Participant shall not be entitled to schedule in any hour Electric Energy in excess of that which is allocable to the Participant's Entitlement Share, unless arrangements have been made for a planned purchase of such Electric Energy through the UAMPS Pool. The Participants have executed and delivered to UAMPS appendices to the Pooling Agreement that assigns the Electric Energy allocable to the Participant's Entitlement Share under the Power Sales Contracts to the UAMPS Pool. Any surplus Electric Energy attributable to the Participant's Entitlement Share shall be sold or otherwise disposed of by the Participant only through the UAMPS Pool. In addition to any sales of surplus Electric Energy requested by the Participant through the UAMPS Pool, UAMPS has agreed in the Power Sales Contracts to utilize its best efforts to sell, exchange or otherwise dispose of any incidental surplus Electric Energy attributable to the Payson Power Project for the benefit of the Participants.

UAMPS may interrupt or reduce deliveries under this Power Sales Contract of Electric Energy if (i) the Operator has determined that such interruption or reduction is necessary in case of emergencies affecting the Project, in order to install equipment, to make repairs and replacements to, to make investigations and inspections of, or to perform maintenance work on, the Project or otherwise carry out its obligations as Operator under the Operating Agreement; (ii) Electric Energy from the Project is otherwise unavailable whether due to an event of Uncontrollable Force otherwise; or (iii) the transmission of Electric Energy from the Project is interrupted or curtailed by the control area utility, SUVPS or other transmitting utility. In order that the operation of the Participant's electric system will not be unreasonably interrupted or interfered with, UAMPS will, to the extent necessary, use its best efforts to make arrangements to serve the Participant's load through other projects of UAMPS or the UAMPS Pool. UAMPS will also use its best efforts, consistent with the provisions of the Project Agreements and the other Power Sales Contracts, to arrange for any planned interruption or reduction in the Project Output to be scheduled at a time which will cause the least interference with the operation of the Participant's electric system.

INSURANCE

In the Power Sales Contracts, UAMPS has agreed to maintain, or during the construction of the Initial Facilities shall cause the EPC Contractor to maintain, in force, as part of the Cost of the Project or Operation and Maintenance Costs, as appropriate, insurance with responsible insurers with policies against risk of direct physical loss, damage or destruction of the Project, including liability insurance and employers' liability insurance, all to the extent consistent with Prudent Utility Practice and to the extent available at reasonable cost, but in no case less than will satisfy applicable regulatory requirements and requirements of the Financing Documents.

ACCOUNTING AND AVAILABILITY OF INFORMATION

In the Power Sales Contracts, UAMPS has agreed that it will keep accurate records and accounts relating to the Payson Power Project and related costs separate and distinct from its other records and accounts. Such accounts shall be audited annually.

In the Power Sales Contracts, UAMPS has also agreed to make available for examination by each Participant all accounts, records and agreements relating to the Payson Power Project in the possession of UAMPS. Each Participant shall, upon request, furnish to UAMPS all such information and other documents as shall be reasonably necessary in connection with the financing of the Payson Power Project and, annually, certain financial information.

ISSUANCE OF BONDS AND SUBORDINATED INDEBTEDNESS BY UAMPS

UAMPS may at any time issue Additional Bonds in accordance with and for any of the purposes for which Bonds may be issued under the Financing Documents. UAMPS may also issue refunding bonds under the Financing Documents in the event Debt Service Costs may be reduced by the refunding of any Bonds or in the event it shall otherwise be advantageous, in the opinion of UAMPS, to refund any Bonds. Any such Additional Bonds and/or refunding bonds, if issued, will be secured by the pledge made pursuant to the Financing Documents of the payments required to be made by the Participant under the Power Sales Contract, and of other revenues of UAMPS attributable to the Project.

COVENANTS OF EACH PARTICIPANT

Maintenance of Rates. Each Participant agrees to establish, maintain, revise, charge and collect rates for electric service rendered by it to its customers so that such rates shall provide revenues which, together with other funds reasonably estimated to be available, will be sufficient to meet the Participant's obligations to UAMPS under its respective Power Sales Contract, to pay all other operating expenses of the Participant's electric system and to provide revenues sufficient to enable the Participant to keep its electric system in good working order, and to pay all obligations of the Participant payable from, or constituting a charge or lien on, the revenues of its electric system and, to the extent being paid from the revenues of its electric system, all general obligation bonds of the Participant.

Maintenance of Revenues. Each Participant agrees to at all times comply with all terms, covenants and provisions of all utility contracts to which it is a party, to promptly collect all charges due for electric power and electric energy supplied by the Participant as the same become due and to at all times maintain and promptly and vigorously enforce its rights against any customer or other entity that does not pay such charges when due.

Each Participant further agrees to not (i) enter into any contract pursuant to which the Participant will be obligated to take or pay for electric power and electric energy or for transmission service furnished to the Participant or (ii) grant any franchise for competing electric service within its service area, except in each case upon 90 days' prior notice to UAMPS and delivery to UAMPS of a certificate and report from a Qualified Independent Engineer to the effect that the performance by the Participant of its obligations under such contract or the granting of such franchise, as applicable, will not adversely affect the ability of the Participant to meet its obligations under its respective Power Sales Contract. This provision does not apply to any contract between the Participant and UAMPS or to any franchises or similar arrangements required by state or federal law as a part of a comprehensive restructuring of the electric industry.

To the extent permitted by law and except as otherwise permitted by the Power Sales Contracts, each Participant agrees to vigorously defend and enforce its exclusive right to provide electric service within its service area.

Prudent Utility Practice. Each Participant agrees to, in accordance with prudent utility practice, (i) at all times operate its electric system and the business thereof in an efficient manner, (ii) maintain its electric system in good repair, working order and condition, and (iii) from time to time make all necessary and proper repairs, renewals, replacements, additions, betterments and improvements with respect to the electric system, so that at all times the business thereof shall be properly conducted.

Operating Expenses. UAMPS and the Participant intend that the payments to be made by the Participant to UAMPS pursuant to the Power Sales Contract (1) will be treated as a cost of purchased electric power and energy and as an operating expenses of the Participant's electric system or Integrated Utility System and (2) will be payable as an operation and maintenance expense of, and (together with all other operation and maintenance expenses) as a first charge on the revenues derived from the operation of, its electric system or Integrated Utility System, prior to payment of any debt service payable from such revenues. The Participant covenants to and agrees with UAMPS that it will use its best efforts to include the payments to be made by it under this Power Sales Contract as a cost of purchased power and as an operation and maintenance expense in the annual operating budgets of its electric system or Integrated Utility System and in any resolution, ordinance or indenture providing for future borrowings for the Participant's electric system or Integrated Utility System.

Tax Status. Each Participant agrees to not use or permit to be used any of the Electric Energy acquired under its respective Power Sales Contract or operate its system in any manner or for any purpose or take or omit to take any action which could, either alone or in conjunction with any other similar actions by the Participant or other Participants, result in loss of the exclusion from gross income for federal income tax purposes of the interest on any Bond or Bonds theretofore issued or thereafter issuable by UAMPS as tax exempt obligations, pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and applicable regulations and rulings thereunder.

DEFAULT

Each of the following constitutes a "default" by a Participant under its respective Power Sales Contract:

(a) failure of a Participant to make to UAMPS any of the payments for which provision is made in the Power Sales Contracts within five business days after the due date of any such payment; or

(b) failure by a Participant to observe any of the covenants, agreements or obligations on its part contained in the Power Sales Contracts and failure to remedy the same for a period of sixty days after written notice thereof, specifying such failure and requiring the same to be remedied, has been given by or on behalf of UAMPS; or

(c) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, including without limitation proceedings under Title 11, Chapter 9, United States Code or other proceedings for relief under any federal or state bankruptcy law or similar law for the relief of debtors are instituted by or against a Participant and, if instituted against a Participant, said proceedings are consented to or are not dismissed within thirty days after such institution.

In the event of default, the defaulting Participant shall not be relieved of its liability for payment of any amounts in default or its failure to observe its covenants, agreements and obligations under its Power Sales Contract and UAMPS has the right to recover from the Participant any amount in default. In enforcement of any such right of recovery, UAMPS may bring suit, action, or proceeding in law or in equity, including mandamus and action for specific performance, as may be necessary or appropriate to enforce against the Participant any covenant, agreement or obligation of the Participant or the obligation of the Participant to make any payment for which provision is made in the Power Sales Contracts.

In addition to proceeding with its rights against a defaulting Participant as described above, UAMPS may, upon not less than 30 days' written notice from UAMPS to the Participant, cease and discontinue providing all or any portion of the Participant's Entitlement Share and may terminate the Participant's right to receive the Electric Energy allocable to its Entitlement Share under its Power Sales Contract. In connection with its determination to discontinue providing all or any portion of a defaulting Participant's Entitlement Share, UAMPS shall take into account, among such other matters as UAMPS in its sole discretion shall deem relevant, the amounts and due dates of its payment obligations under the Project Agreements and the Financing Documents and the funds and revenues available to UAMPS to enable it to meet its obligations thereunder. Any such termination of the Participant's Entitlement Share under a Power Sales Contract shall not, however, terminate, reduce or modify the Participant's outstanding obligations and liabilities thereunder.

TRANSFER OF ENTITLEMENT SHARE AFTER DEFAULT

In the event of a default by any Participant and discontinuance of service pursuant to such Participant's Power Sales Contract, but only if the Payson Power Project has not been terminated, UAMPS and the Participant agree to take the following actions in the order set forth below:

(1) UAMPS shall immediately make a mandatory allocation of the defaulting Participant's Entitlement Share among all of the nondefaulting Participants, which allocation shall be made so that the defaulting Participant's Entitlement Share is distributed pro rata among the nondefaulting Participants, based upon their original Entitlement Shares.

(2) Within sixty days after the allocation of the defaulting Participant's Entitlement Share, each of the nondefaulting Participants shall notify UAMPS in writing of its election of one of the following options: (a) to retain that portion of the defaulting Participant's Entitlement Share allocated to such nondefaulting Participant as described above and the additional amount, if any, of the defaulting Participant's Entitlement Share that such nondefaulting Participant elects to acquire from any other nondefaulting Participant that may elect to retain less than all of the defaulting Participant's Entitlement Share allocated to it as described above; or (b) to retain none or less than all of the defaulting Participant's Entitlement Share allocated to the Participant. Any Participant that shall have elected to retain all of that portion of the defaulting Participant's Entitlement Share allocated to it is deemed to have fully satisfied its obligations to UAMPS under its Power Sales Contract and shall not thereafter be required to accept any additional allocation of the defaulting Participant's Entitlement Share.

(3) Within thirty days after its receipt of the elections of all nondefaulting Participants as described in the immediately preceding paragraph, UAMPS shall determine whether the nondefaulting Participants have elected to retain all of the Entitlement Share of the defaulting Participant. In the event that any of the Participants shall have elected to retain less than all of its allocation of the defaulting Participant's Entitlement Share, UAMPS shall proportionally reallocate the remaining amount of the

defaulting Participant's Entitlement Share among those nondefaulting Participants that have requested additional amounts of the defaulting Participant's Entitlement Share as described in clause (a) of the immediately preceding paragraph. To the extent necessary to provide for a complete reallocation of the defaulting Participant's Entitlement Share, UAMPS shall next proportionately reallocate any remaining portion of the defaulting Participant's Entitlement Share among those Participants that did not elect to retain all of their initial allocations of such Entitlement Share.

Any portion of the Entitlement Share of a defaulting Participant transferred as described above to a nondefaulting Participant shall become a part of and shall be added to the Entitlement Share of each transferee Participant, and from and after the date of such transfer the transferee Participant shall be obligated to pay for its increased Entitlement Share pursuant to the terms and provisions of its Power Sales Contract. The defaulting Participant shall remain liable to UAMPS and the other Participants, for costs incurred and damages suffered by them in connection with the actions taken with respect to the defaulting Participant's Entitlement Share.

In the event that a defaulting Participant has made a Prepayment, UAMPS shall calculate the net depreciated amount of such Prepayment as of the date of the Participant's default. The net depreciated amount of such Prepayment as of such date shall be calculated utilizing a depreciation schedule comparable to the amortization schedule for the principal of the Bonds. UAMPS shall, prior to the expiration of the term of the Power Sales Contracts, repay such net depreciated amount, less any unrecovered costs or expenses of UAMPS resulting from the default, to the defaulting Participant, without interest, from the amounts, if any, on deposit in the Stabilization Fund established under the Financing Documents. UAMPS may, but shall not be obligated to, repay all or any part of such net depreciated amount prior to the final payment of all of the Bonds.

In the event that less than all of a defaulting Participant's Entitlement Share shall have been mandatorily reallocated to nondefaulting Participants that did not optionally retain or accept such portion of the defaulting Participant's Entitlement Share as described above, UAMPS shall use its best efforts to sell or dispose of all or any part of the defaulting Participant's Entitlement Share as follows and in the following order:

(i) UAMPS shall first seek to sell all or any part of the remaining portion of the defaulting Participant's Entitlement Share on terms and conditions comparable to those contained in the Power Sales Contracts; and

(ii) UAMPS shall then seek to sell all or any part of such portion of the defaulting Participant's Entitlement Share or the Electric Energy associated therewith on the best obtainable terms and conditions.

Subject to the provisions of the Financing Documents, no sale, transfer or other disposition of all or a part of a defaulting Participant's Entitlement Share shall be made if such sale, transfer or disposition will adversely affect the exclusion from gross income for federal income tax purposes of the interest on any of the Bonds issued as tax exempt obligations.

In the event that UAMPS is unable to sell or dispose of any portion of the defaulting Participant's Entitlement Share within 180 days of commencing its reasonable best efforts so to do and UAMPS, based upon determinations by the Project Management Committee and the Board, determines that the inability to sell or dispose of the defaulting Participant's Entitlement Share will materially and adversely affect the ability of the nondefaulting Participants to meet their obligations under the Power Sales Contract and the Financing Documents, then UAMPS shall take such actions as UAMPS in its sole discretion deems necessary to ensure the availability of sufficient funds and revenues to enable UAMPS to meet its obligations under the Project Agreements and the Financing Documents. Such actions may include, without limitation, any of the following measures (or combination thereof):

(i) UAMPS may sell all or any portion of the Payson Power Project that is allocable to the defaulting Participant's Entitlement Share on such terms and condition as UAMPS deems to be in the best interest of UAMPS and the nondefaulting Participants and shall apply the proceeds of such sale to the purchase, redemption or defeasance of the Bonds or to other purposes related to the Project; or

(ii) UAMPS may enter into contractual arrangements for the sale of all or any portion of the defaulting Participant's Entitlement Share or the Electric Energy associated therewith on such terms and conditions as will maximize the revenues available to UAMPS without regard to any adverse effect that such sale may have on the exclusion of interest on the Bonds from gross income for federal income tax purposes.

In the event that UAMPS makes any sale pursuant to clause (ii) above, UAMPS will obtain an opinion of nationally recognized bond counsel addressing the tax status of interest on the Bonds issued as tax exempt obligations. UAMPS will take such remedial actions as are available to it to preserve the tax exempt status of interest on such Bonds. In the event that such opinion indicates that interest on the Bonds is or will become includible in gross income for federal income tax purposes, the Participants acknowledge that it may be necessary for UAMPS to pay additional amounts as interest or penalties on the Bonds and that the Debt Service Costs payable by the Participants pursuant to the Power Sales Contracts will increase correspondingly. Each Participant agrees to pay its Debt Service Share of such increased Debt Service Cost pursuant to the provisions of its respective Power Sales Contract.

DISPOSITION OR TERMINATION OF THE PROJECT

Except as described above under "Transfer of Entitlement Share after Default," UAMPS may not sell, lease or otherwise dispose of the Payson Power Project or any substantial part of the Project without the consent of the Participants. However, the Power Sales Contracts do not prohibit a merger or consolidation or sale of all or substantially all of the property of UAMPS. Subject to the applicable provisions of the Payson Power Project Agreements, if the Payson Power Project is terminated, UAMPS agrees to use its best efforts to cause the Payson Power Project to be economically salvaged, discontinued, disposed of or sold in whole or in part.

RESTRICTIONS ON DISPOSITION OF ELECTRIC SYSTEM OR POWER SALES CONTACT

Each Participant agrees in its Power Sales Contract that it will not sell, lease or dispose of all or substantially all of its electric system nor assign its Entitlement Share or any or all of its interests under its Power Sales Contract, except upon 120 days' prior written notice to UAMPS and upon satisfaction of the following conditions: (i) at the sole option of UAMPS either (A) such purchaser, assignee or lessee assumes all obligations of such Participant under such Power Sales Contract in such manner as assures UAMPS to its sole satisfaction that the Participant's Entitlement Share to be purchased and the amounts to be paid therefor will not be reduced; or (B) such purchaser, assignee or lessee enters into a new contract with UAMPS for the purchase of the Participant's Entitlement Share at a price and on terms which UAMPS in its sole discretion determines not to be less beneficial to it and the other Participants than is such Participant's Power Sales Contract; (ii) the senior debt, if any, of such purchaser, assignee or lessee (if such purchaser, assignee or lessee is not a Participant) shall be rated by at least one nationally recognized bond rating agency in a category generally recognized to be "investment grade" (iii) UAMPS determines that such sale, lease or other disposition will not adversely affect UAMPS, the other Participants or the security for the payment of Bonds; and (iv) UAMPS shall have received an opinion of nationally recognized bond counsel to the effect that such sale, assignment or disposition will not by itself adversely affect the federal income tax-exempt status of interest on Bonds.

APPENDIX D

AUDITED FINANCIAL STATEMENTS

[THIS PAGE INTENTIONALLY LEFT BLANK]

FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

Utah Associated Municipal Power Systems
Years Ended March 31, 2011 and 2010
With Report of Independent Auditors

Ernst & Young LLP

ERNST & YOUNG

Utah Associated Municipal Power Systems

Financial Statements and Supplemental Schedules

Years Ended March 31, 2011 and 2010

Contents

Ernst & Young

Ernst & Young LLP
Suite 400
178 South Rio Grande Street
Salt Lake City, UT 84101

Tel: +1 801 350 3300
Fax: +1 801 350 3456
www.ey.com

Report of the Independent Auditors

The Board of Directors of
Utah Associated Municipal Power Systems

We have audited the accompanying balance sheets of Utah Associated Municipal Power Systems as of March 31, 2011 and 2010, and the related statements of revenues and expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of Utah Associated Municipal Power Systems' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Organization's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Utah Associated Municipal Power Systems as of March 31, 2011 and 2010, and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2011 on our consideration of Utah Associated Municipal Power Systems' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

1106-1264552

Management's Discussion and Analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedules of changes in funds required by the revenue bond resolutions and project financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Ernst & Young LLP

July 27, 2011

Utah Associated Municipal Power Systems

Management's Discussion and Analysis

Introduction

The following is a discussion and analysis of Utah Associated Municipal Power Systems' (UAMPS) financial performance and position, providing an overview of UAMPS' activities for the years ended March 31, 2011, 2010 and 2009.

Description of Business

UAMPS is a political subdivision of the state of Utah (the State). Its 52 members (the Members) include public power utilities in Utah, Arizona, California, Idaho, Oregon, Nevada, New Mexico, and Wyoming. UAMPS' purposes include the planning, financing, development, acquisition, construction, operation and maintenance of various projects for the generation, supply, transmission and management of electric energy for the benefit of the Members. UAMPS is governed by its Board of Directors (the Board). The Board consists of directors representing Members that have entitlement shares in the various projects undertaken by UAMPS. UAMPS is a project-based organization and presently operates 15 separate projects that provide a variety of power supply, transmission and other services to the Members that participate in them. The Members make their own elections to participate in UAMPS' projects and are not obligated to participate in any particular project. In general, UAMPS and its Members that elect to participate in a project enter into a contract that specifies the services or product to be provided by UAMPS from the project, the payments to be made by participating Members in respect of the costs of the project and other matters relating to the project.

Providing the Members with better methods to share resources and information about electric power issues is an important role for UAMPS. Through the Government and Public Affairs (GPA) project the Members are able to participate in the political process at the state and federal levels and to monitor current political issues that could directly impact the future of the electric industry.

UAMPS' Board has ultimate control of UAMPS, maintaining managerial, financial and operational responsibility. UAMPS functions as an autonomous company supported solely from its own revenues. All assets, debts and obligations of UAMPS are separate and distinct from the assets, debts and obligations of the State. Upon dissolution of UAMPS, any monies not needed to liquidate UAMPS' obligations would be returned to its Members.

Highlights

UAMPS posted an excess of revenues over expenses for the years ended March 31, 2011, 2010 and 2009 of $3.9 million, $6.3 million, and $3.8 million, respectively. The Members may elect to issue a refund of the 2011 excess of revenues over expenses during fiscal year 2012.

Overview of the Financial Statements

This report includes UAMPS' audited financial statements presented in accordance with accounting principles generally accepted in the United States. The audited financial statements include five components: balance sheets, statements of revenues and expenses, statements of changes in net assets, statements of cash flows and notes to the financial statements. The balance sheets provide information at a particular point in time; the statements of revenues and expenses show the results of the organization for the fiscal period, providing information regarding future cash flows. The changes in net assets allow a look at the changes in equity over the period, including additions due to the excess of revenue over expenses and decreases due to distributions. The statements of cash flows illustrate the cash that is received from and expended on various activities over the period.

UAMPS' financial statements were audited in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards* issued by the Comptroller General of the United States.

All statements are prepared on the accrual basis of accounting. All revenues and expenses are recognized when earned or incurred regardless of when cash is received or spent.

Notes to the financial statements provide additional schedules and information that are essential to a complete understanding of the financial statements.

Financial Analysis

Total cash and invested assets at March 31, 2011, 2010 and 2009 were $42.6 million, $51.1 million, and $46.5 million, respectively. The $8.5 million decrease between March 31, 2010 and March 31, 2011 is due to a few key items. First, major maintenance reserve accounts and project accounts based upon bond funds for capital projects decreased by $6.9 million due to the completion of projects, and current environmental upgrades for the Hunter project. Second, there was a decrease of $4.6 million in the Hunter debt service accounts, as the Hunter 2004 series bonds matured in July 2010. These decreases were offset by $1.0 million net increase to the member funds retained at their request for future use. The $4.6 million increase in cash and invested assets between March 31, 2009 and March 31, 2010 is due to several factors. First, there was an increase to investments of $3.2 million related to the margin on the IPP#3 settlement sale. Second, there was an increase to investments of $4.5 million related to the new bond issue, and remaining project funds for the Central-St. George project. These increases were offset by decreases to investments for $1 million as a net decrease to the project major maintenance accounts, $1.1 million decrease to a debt service reserve account that was used for a final year of debt service obligation, and a $1.0 million decrease related to timing of cash receipts and payments.

Financial Analysis (continued)

The components of cash and investments at March 31, 2011, 2010 and 2009 consisted of the following:

	2011	2010	2009
Money market funds invested in U.S. government securities	**1.0%**	10.0%	28.0%
Investment in U.S. Treasury notes	**31.0**	24.0	–
Investment in Debenture issued by Government Sponsored Enterprise	**8.0**	3.0	–
Utah Public Treasurer's Investment Fund	**60.0**	63.0	70.0
Qualified institutions	**0.0**	0.0	2.0
	100.0%	100.0%	100.0%

At March 31, 2011, 2010 and 2009, accounts receivable totaled $24.3 million, $25.9 million, and $22.4 million, respectively. The decrease of $1.6 million between March 31, 2010 and March 31, 2011 is due to the expiration of an energy contract, resulting in an outstanding balance at the end of the fiscal year in 2010, which was not present at the end of the fiscal year in 2011. The increase of $3.5 million between March 31, 2010 and 2009 was the result of an outstanding invoice to a counterparty, increasing their year-end balance by $1.6 million. Additionally, one member account had an additional outstanding invoice at year end, and finally, cumulative increases in billings to membership accounted for approximately $1 million. Billings outstanding at year-end were relatively constant.

Financial Analysis (continued)

The table below summarizes UAMPS' total assets and total liabilities at March 31, 2011, 2010 and 2009:

	2011	2010	2009
	(In Thousands)		
Total current assets	**$ 39,754**	$ 37,318	$ 30,898
Capital assets, net	**181,332**	176,565	161,798
Other assets	**35,044**	47,173	44,677
Total assets	**$ 256,130**	$ 261,056	$ 237,373
Total current liabilities	**$ 46,677**	$ 49,840	$ 45,563
Total long-term liabilities	**202,141**	201,921	186,054
Total liabilities	**248,818**	251,761	231,617
Net assets:			
Invested in capital assets, net of related debt	**866**	(250)	(870)
Restricted net assets	**8,202**	11,678	11,235
Unrestricted net assets	**(1,756)**	(2,133)	(4,609)
	7,312	9,295	5,756
Total liabilities and net assets	**$ 256,130**	$ 261,056	$ 237,373

Financial Analysis of Operations

Operating revenue from power sales for the years ended March 31, 2011, 2010 and 2009 was $192.2 million, $188.9 million, and $185.7 million, respectively. The increase in revenue of $3.3 million from fiscal year 2010 to fiscal year 2011 was a result of the increase in revenue in the Pool project of $9.5 million due to increased volume. This increase is offset by the decrease in revenue from the conclusion of the IPP#3 settlement, and subsequent disbursement of proceeds, resulting in a decrease of $4.4 million from the prior year. There was also a decrease in revenue from the IPP Project of $2.5 million that resulted from a reduced callback. In addition, there were other minor cumulative fluctuations. The increase in revenue of $3.2 million from the fiscal year 2009 to the fiscal year 2010 was due to the increase in production revenue derived from the IPP#3 settlement sale. This increased revenue was offset by declines in other projects, namely the Power Pool, and the Payson Project, due to declining energy costs.

Financial Analysis of Operations (continued)

Investment income for March 31, 2011, 2010, and 2009 was $0.9 million, $0.4 million, and $1.0 million, respectively. While the balances of UAMPS cash and investments decreased from March 31, 2010 to 2011, the increase in investment income can primarily be attributed to unrealized gain on investments of $0.3 million for investments that UAMPS held at March 31, 2011. Investment income decreased from 2008 to 2009, due to a significant decline in interest rates. The table below summarizes UAMPS' total revenues and expenses for fiscal years 2011, 2010 and 2009.

	Year Ended March 31		
	2011	**2010**	**2009**
	(In Thousands)		
Revenues:			
Power sales	**$ 192,225**	$ 188,877	$ 185,695
Investment income	**850**	368	1,011
Other income	**1,606**	710	377
	194,681	189,955	187,083
Expenses:			
Cost of power	**151,823**	146,741	143,303
Other expenses	**29,898**	28,430	28,607
	181,721	175,171	171,910
Excess of revenues over expenses before net costs to be recovered from future billings to Members	**12,960**	14,784	15,173
Decrease in net costs to be recovered from future billings to Members	**(9,093)**	(8,469)	(11,397)
Excess of revenues over expenses	**3,867**	6,315	3,776
Net assets at beginning of year	**9,295**	5,755	3,552
Distributions	**(5,850)**	(2,775)	(1,573)
Net assets at end of year	**$ 7,312**	$ 9,295	$ 5,755

Cash Flow and Liquidity

UAMPS' sources of cash include power sales, services, issuance of debt and investment income. The cash balance decreased to $0.7 million at March 31, 2011 from $0.8 million at March 31, 2010. There was no cash balance at March 31, 2009. The amount of cash will fluctuate primarily due to timing of the transfer from the revolving line of credit and cash transfers.

Cash Flow and Liquidity (continued)

In order to manage cash flow requirements, UAMPS has a revolving line of credit with two financial institutions with total available cash lines of $22 million. The rates from both financial institutions are variable with one being in relation to the prime rate and the other in relation to LIBOR. Of the combined $22 million available on the revolving lines of credit, the outstanding balance was $14.8 million, $14.4 million, and $12.1 million, at March 31, 2011, 2010, and 2009 respectively.

Significant Capital Assets and Long-Term Debt Activity

On March 31, 2011 the construction work in progress balance was $20.1 million, comprised solely of the balance in Hunter. The environmental upgrades and planned outage were still ongoing at March 31, 2011. The Central-St.George Project placed the Phase 3 facilities in service during the fiscal year. On March 31, 2010 the construction work-in-progress balance was $23.6 million, comprised of balances in Hunter ($4.7 million), due to the environmental project, and Central-St. George ($18.9 million).

The IPP Unit 3 Project was investigating the acquisition of a third unit at IPP with several other public power utilities. The third unit was proposed as a 900-megawatt coal-fired generation station. As a result of several factors development of the third unit ceased. On June 5, 2009, arrangements were made and agreements reached that provide for UAMPS to recover its development and investigation costs. As part of the agreement, UAMPS recovered the costs through the purchase of energy at below market rates. The contract was concluded during fiscal year 2011.

On April 26, 2011 UAMPS issued the San Juan Project Refunding Revenue Bonds, Series 2011, (totaling $22.2 million) maturing June 1, 2023 at 2.00%-5.50% interest. The bonds maturing on and after June 1, 2022, are subject to maturity on or after June 1, 2021, in whole at any time or in part on any date, at redemption price equal to 100% of the principal amount plus accrued interest. The bonds were issued to refund all the current outstanding San Juan Project Refunding Revenue Bonds, Series 1998, provide for a deposit into the Debt Service Reserve Account, and pay cost of issuance.

In October 2010, construction began on the Horse Butte Wind Project. The Horse Butte Wind Project will be a wind powered electric generating facility to be constructed in Bonneville County, Idaho with an expected generating capacity of 57.6 MW. So that the costs of construction of the project can be ultimately funded in part with the cash grant for 30% of the qualifying costs of renewable energy projects provided by the American Recovery and

Significant Capital Assets and Long-Term Debt Activity (continued)

Reinvestment Act of 2009, the project is and will be owned by Horse Butte Wind I LLC (the Project Owner). UAMPS is acting developer and agent for the Project Owner with respect to the project and is responsible for all aspects of the development and construction of the project. UAMPS has co-signed and is primarily liable for making the payments required under the various contracts and agreements. The project is expected to have a commercial operation date of January 1, 2012.

UAMPS has executed a 20-year Power Purchase Agreement with Project Owner. Under the Power Purchase Agreement, UAMPS will prepay for the P99 energy output of the Facility, and will purchase all additional energy produced and all RECs associated with the prepaid and additional energy on a pay-as-you-go basis.

Western Electric Energy Markets

The energy markets in the Western Interconnection have remained fairly stable due to the general economic conditions which have kept load growth flat, moderate summer temperatures, low natural gas prices and good hydro conditions for generation.

The amount of energy and the rate for participants from Western Area Power Administration (WAPA) has remained stable from fiscal 2010 into fiscal 2011.

While the current economic conditions continue to moderate our historically high load growth, there are signs that this situation may be turning around for some members of UAMPS. UAMPS continues efforts to acquire new generation resources and also in working with the various transmission providers in order to see that the needed transmission infrastructure is built in a timely fashion.

New regulations governing greenhouse gas emissions and other environmental issues affecting all operating electric utilities as well as the new regulatory rules concerning reliability of the electric grid are significantly affecting UAMPS resource and transmission planning. UAMPS is complying with all of the current rules and statutes and is looking at all of the many proposed rules that may be implemented in its planning and decision-making process.

Requests for Information

This financial report is designed to provide a general overview of UAMPS' finances for all those with an interest in UAMPS' finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Controller, UAMPS, 155 North 400 West, Suite #480, Salt Lake City, Utah 84103.

Utah Associated Municipal Power Systems

Balance Sheets

	March 31 2011	March 31 2010
Assets		
Current assets:		
Cash	**$ 689,418**	$ 801,213
Investments	**10,079,988**	6,552,853
Receivables	**24,261,713**	25,943,566
Prepaid expenses and deposits	**4,722,538**	4,020,258
	39,753,657	37,317,890
Restricted assets:		
Cash	**5,729,344**	657,391
Investments	**26,132,373**	43,074,129
Interest receivable	**69,330**	53,902
	31,931,047	43,785,422
Utility plant and equipment:		
Generation	**226,012,106**	225,214,906
Transmission	**84,669,469**	64,729,146
Furniture and equipment	**1,227,499**	1,091,214
	311,909,074	291,035,266
Less accumulated depreciation	**(150,690,840)**	(138,049,855)
	161,218,234	152,985,411
Construction work in progress	**20,114,283**	23,579,485
	181,332,517	176,564,896
Unamortized bond issuance costs (net of accumulated amortization of $1,892,000 and $1,994,000, respectively)	**3,112,619**	3,387,333
Total assets	**$ 256,129,840**	$ 261,055,541

	March 31 2011	March 31 2010
Liabilities and net assets		
Current liabilities:		
Accounts payable	**$ 10,290,006**	$ 10,344,977
Accrued liabilities	**9,244,123**	6,804,442
Lines of credit	**14,800,000**	14,400,000
Current portion of deferred revenue	**769,629**	769,629
	35,103,758	32,319,048
Liabilities payable from restricted assets:		
Accrued interest payable	**3,425,511**	3,648,097
Current portion of long-term debt	**8,147,567**	13,872,266
	11,573,078	17,520,363
Long-term debt:		
Bonds payable, less current portion	**152,762,000**	160,666,000
Unamortized bond discount	**(336,782)**	(365,355)
Unamortized bond premium	**5,381,947**	5,654,087
	157,807,165	165,954,732
Other liabilities:		
Deferred revenue, less current portion	**6,406,604**	7,132,037
Net costs advanced through billings to members	**37,927,596**	28,834,435
	44,334,200	35,966,472
Net assets:		
Invested in capital assets, net of debt	**866,234**	(249,837)
Restricted net assets	**8,202,110**	11,677,958
Unrestricted net assets	**(1,756,705)**	(2,133,195)
	7,311,639	9,294,926
Total liabilities and net assets	**$ 256,129,840**	$ 261,055,541

See accompanying notes.

Utah Associated Municipal Power Systems

Statements of Revenues and Expenses and Changes in Net Assets

	Year Ended March 31	
	2011	**2010**
Operating revenues:		
Power sales	**$ 192,224,695**	$ 188,876,598
Other	**1,605,830**	709,997
	193,830,525	189,586,595
Operating expenses:		
Cost of power	**151,822,685**	146,741,356
Payments in lieu of ad valorem taxes	**953,575**	984,054
Depreciation	**13,039,009**	12,971,594
General and administrative	**7,623,956**	6,641,948
	173,439,225	167,338,952
Operating income	**20,391,300**	22,247,643
Nonoperating revenues (expenses):		
Investment income	**850,499**	368,422
Interest expense	**(8,007,206)**	(7,517,113)
Amortization of bond issuance costs	**(274,714)**	(315,025)
	(7,431,421)	(7,463,716)
Excess of revenues over expenses before net costs advanced or to be recovered through billings to members	**12,959,879**	14,783,927
Increase in net costs advanced through billings to members	**(9,093,161)**	(8,469,096)
Excess of revenues over expenses	**3,866,718**	6,314,831
Net assets at beginning of year	**9,294,926**	5,755,583
Distributions to members	**(5,850,005)**	(2,775,488)
Net assets at end of year	**$ 7,311,639**	$ 9,294,926

See accompanying notes.

Utah Associated Municipal Power Systems

Statements of Cash Flows

	Year Ended March 31	
	2011	**2010**
Operating activities		
Cash received from customers	**$ 194,786,945**	$ 185,257,924
Cash payments to suppliers for goods and services	**(153,990,066)**	(147,970,266)
Cash payments to employees for services	**(3,779,145)**	(2,988,478)
Cash payments for ad valorem taxes	**(948,575)**	(974,054)
Net cash provided by operating activities	**36,069,159**	33,325,126
Capital and related financing activities		
Additions to utility plant and equipment	**(17,806,630)**	(27,738,353)
Proceeds from issuance of long-term debt	**–**	24,418,929
Payments for bond refunding	**–**	(2,440,000)
Principal payments on refunding revenue bonds	**(13,604,000)**	(14,006,000)
Interest payments on refunding revenue bonds	**(8,498,057)**	(7,689,627)
Bond issuance costs	**–**	(408,183)
Distribution	**(5,850,005)**	(2,775,488)
Net cash used in capital and related financing activities	**(45,758,692)**	(30,638,722)
Noncapital and related financing activities		
Draws on lines of credit	**153,873,584**	141,795,249
Payment on lines of credit	**(153,473,584)**	(139,495,249)
Net cash provided by noncapital and related financing activities	**400,000**	2,300,000
Investing activities		
Net increase in investments	**(3,527,135)**	(1,382,275)
Restricted assets:		
Net decrease (increase) in restricted cash	**(5,071,953)**	167
Net decrease (increase) in investments	**17,238,578**	(2,419,239)
Investment income received	**538,248**	314,520
Net cash provided by (used in) investing activities	**9,177,738**	(3,486,827)
Increase (decrease) in cash	**(111,795)**	1,499,577
Cash (Outstanding checks in excess of transfers) at beginning of year	**801,213**	(698,364)
Cash at end of year	**$ 689,418**	$ 801,213

Utah Associated Municipal Power Systems

Statements of Cash Flows (continued)

	Year Ended March 31	
	2011	**2010**
Reconciliation of operating income to net cash provided by operating activities		
Operating income	**$ 20,391,300**	$ 22,247,643
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	**13,039,009**	12,971,594
Amortization of deferred revenue	**(725,433)**	(778,465)
Decrease (increase) in current receivables	**1,681,853**	(3,550,207)
Increase in prepaid expenses and deposits	**(702,280)**	(685,832)
Increase (decrease) in accounts payable	**(54,971)**	1,916,445
Increase in accrued liabilities	**2,439,681**	1,203,948
Net cash provided by operating activities	**$ 36,069,159**	$ 33,325,126

See accompanying notes.

1. Summary of Significant Accounting Policies

Organization and Purpose

Utah Associated Municipal Power Systems (UAMPS), a separate political subdivision of the state of Utah, was established pursuant to the provisions of the Utah Interlocal Co-operation Act of November 1980 and was organized under the Amended and Restated Utah Associated Municipal Power Systems Agreement for Joint Cooperative Action. UAMPS' membership consists of 37 municipalities, one joint action agency, one electric service district, four public utility districts, two water conservancy districts, five co-ops, one municipal utility district, and one nonprofit corporation (collectively, the Members). The Members are located in Utah, Oregon, Arizona, Idaho, Nevada, New Mexico, California, and Wyoming.

UAMPS is a separate legal entity that possesses the ability to establish its own budget, incur debt, sue and be sued, and own and lease property. No other governmental units in Utah exercise significant control over UAMPS. As such, UAMPS is not a component unit as defined by the Governmental Accounting Standards Board (GASB) in its Section 2100, *Defining the Financial Reporting Entity*. Further, as defined in this Statement, UAMPS has no component units that should be included in the accompanying financial statements.

UAMPS' purposes include planning, financing, developing, acquiring, constructing, improving, bettering, operating, and maintaining projects or ownership interests or capacity rights therein for the generation, transmission, and distribution of electric energy for the benefit of its Members.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting. The accounting and reporting policies of UAMPS conform with the accounting rules prescribed by the GASB. UAMPS has elected under GASB Section P80, *Proprietary Fund Accounting and Financial Reporting*, to apply all applicable GASB pronouncements, as well as all applicable Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

1. Summary of Significant Accounting Policies (continued)

Recent Accounting Developments

GASB Statement No. 53

On April 1, 2010 UAMPS adopted GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments.* The Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The adoption was applied retrospectively and did not impact the financial position, results of operations or cash flows.

GASB Statement No. 59

In June 2010, the GASB issued Statement No. 59, *Financial Instruments Omnibus*. The Statement updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. The Statement emphasizes the applicability of U.S. Securities and Exchange Commission requirements to certain external investment pools, known as 2a7-like pools, to provide users more consistent information on qualifying pools. This Statement amends Statements No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, to indicate that a 2a7-like pool is an external investment pool that operates in conformity with the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. The Statement amends Statement No. 40, *Deposit and Investment Risk Disclosures*, to indicate that interest rate risk information should be disclosed only for debt investment pools, such as bond mutual funds and external bond investment bonds, which do not meet the requirements to be reported as a 2a7-like pool. The Statement is effective for financial statements prepared by state and local governments for periods beginning after June 15, 2010. The Company has reviewed the requirements of GASB 59 and does not expect its adoption to impact financial position, results of operations or cash flows.

GASB Statement No. 61

In December 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*. The Statement is designed to improve financial reporting for governmental entities by amending the requirements of Statements No. 14, The Financial Reporting Entity, and No. 34 Basic Financial Statements-and Management Discussion and Analysis-for State and Local Governments, to better meet user needs and address reporting entity issues that have come to

1. Summary of Significant Accounting Policies (continued)

light since those statements were issued. The Statement amends the criteria for including component units within the primary governments financial statements by ensuring that the financial reporting entity includes only organizations for which they are financially accountable or that the entity determines would be misleading to exclude. The Statement amends the criteria for blending so that the primary government includes only those component units that are so intertwined with the primary government that they are essentially the same as the primary government and will clarify which component units have that characteristic and will require condensed combining information to be included in the notes to the financial statements. The Statement is effective for financial statements prepared by state and local governments for periods beginning after June 15, 2012. The Company has reviewed the requirements of GASB 61 and does not expect its adoption to impact financial position, results of operations or cash flows.

GASB Statement No. 62

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Statement supersedes Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting. The Statement allows those who prepare or audit financial statements to access applicable guidance with greater ease and certainty by consolidating the accounting and financial reporting provisions that apply to state and local governments into a single publication. Statement 62 is effective for financial statements for periods beginning after December 15, 2011. The Company has reviewed the requirements of GASB 62 and does not expect its adoption to impact financial position, results of operations or cash flows.

Revenue

UAMPS distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the principal ongoing operations of the organization. The principal operating revenues and expenses of UAMPS are associated with the planning, financing, development, acquisition, construction, operation and maintenance, and administrative and general expenses of various projects for the generation, supply, transmission, and management of electric energy for the benefit of the Members. All other revenues and expenses, such as interest income, interest expense, and the amortization of bond issuance costs, are reported as no operating revenues and expenses.

1. Summary of Significant Accounting Policies (continued)

Investments

All investments are recorded at fair value. UAMPS' investment in the Utah Public Treasurer's Investment Fund (PTIF) has a fair value equivalent to the value of the pool shares. This pool is administered by the State of Utah and is regulated by the Money Management Council under provisions of the Utah State Money Management Act.

Receivables

Receivables consist primarily of current power billings to Members.

Capital Assets

Generation assets, transmission assets, furniture, and equipment with an initial cost of more than $500 are stated at cost, less accumulated depreciation. Interest incurred in the construction and implementation of fixed assets is capitalized into the cost of the fixed assets. Expenditures that increase values or extend useful lives are capitalized and routine maintenance and repairs are charged to expense in the period incurred. Leasehold improvements are capitalized and amortized over the lesser of the asset life or lease term. Depreciation is calculated using the straight-line method at rates that are designed to depreciate the cost of the assets over estimated useful lives ranging from three to 26 years.

Unamortized Bond Issuance Costs

Unamortized bond issuance costs related to the issuance of the Hunter II Project Revenue and Refunding Bonds, the Central-St. George Transmission Project Revenue and Refunding Bonds, the San Juan Project Revenue and Refunding Bonds, and the Payson Power Project Revenue Bonds are being amortized over the terms of the bonds using the straight-line method, the impact of which approximates the effective interest method.

Net Costs Advanced or to Be Recovered through Billings to Members

Billings to Members are designed to recover "power costs" as defined by the power sales contracts, which principally include current operating expenses, scheduled debt principal, and interest and deposits into certain funds. Pursuant to FASB ASC 980, *Regulated Operations*, expenses determined in accordance with GAAP, which are not currently billable as "power

1. Summary of Significant Accounting Policies (continued)

costs," or amounts billed as "power costs" and recovered in advance of being recognized for GAAP are deferred in the accompanying balance sheets. For a company to report under ASC 980, a company's rates must be designed to recover its costs of providing services, and the company must be able to collect those rates from customers. If it were determined, whether due to competition or regulatory action, that these standards no longer applied, UAMPS could be required to write off its regulatory assets and liabilities. Management believes that UAMPS currently meets the criteria for continued application of ASC 980, but will continue to evaluate significant changes in the regulatory and competitive environment to assess continuing applicability of the criteria.

Income Taxes

UAMPS is not subject to federal or state income taxes under provisions of Section 115 of the Internal Revenue Code.

Unearned Revenue

Certain participants of the Payson Project, the San Juan Project, the Hunter II Project and the Central-St. George Project have elected to prepay certain costs of acquisition and debt service during the refinancing and/or construction of their projects. These prepayments, which represent the portion of Debt Service Costs that would be applicable to the participant's entitlement share in each of the respective projects future power generation capability, have been treated as deferred revenue and will be amortized to revenue over the life of the respective bond issues.

Risk Management

UAMPS is exposed to various risks of loss related to theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters and insures against these losses. UAMPS purchases plant and machinery insurance from a commercial carrier. There have been no significant reductions in insurance coverage from that in the prior year, and settlements have not exceeded insurance coverage for the past three fiscal years. Additionally, UAMPS purchases the following categories of insurance: Property, which includes Earthquake and Flood, General Liability, and Commercial Auto; Difference in Conditions, which includes Earthquake and Flood, Umbrella, Workers Compensation, Directors & Officers/Employment Practices Liability and Crime; and Travel insurance.

1. Summary of Significant Accounting Policies (continued)

Net Assets

Net assets are classified into three components:

- Invested in capital assets, net of related debt: This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other long-term borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

- Restricted: This component of net assets consists of net assets subject to external constraints on their use imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- Unrestricted net assets: This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt." As of March 31, 2011 and 2010, UAMPS reported a deficit in unrestricted net assets. The deficit is a result of long-term deferred revenue which represents the prepayment of future power sales.

The accounting policies and practices of UAMPS conform to the accounting principles generally accepted in the United States applicable to an enterprise fund of a government unit.

2. Power Sales and Transmission Service Contracts Relating to Bonds

UAMPS has entered into power sales and/or transmission service contracts (the Contracts) with various participants (the Purchasers). The Contracts are as follows:

- UAMPS has contracted with 22 municipalities and one joint-action agency in the Hunter II Project to supply power from the generating unit. Each contract term extends at a minimum to the date all principal and interest on the 1998 and 2004 Series Bonds have been paid. The 2004 Series Bonds matured during the year.

2. Power Sales and Transmission Service Contracts Relating to Bonds (continued)

- UAMPS has contracted with five municipalities to provide transmission capabilities from the Central-St. George Project to deliver electric power to the participants. Each contract term extends, at a minimum, to the date all principal and interest on the 2000, 2003 and 2009 Series Bonds have been paid.

- UAMPS has contracted with 15 municipalities and one electric service district in the San Juan Project to supply power from the generating unit. Each contract term extends, at a minimum, to the date all principal and interest on the 1998 and 2008 Series Bonds have been paid.

- UAMPS has contracted with 14 municipalities and one electric service district in the Payson Project to supply power from the generating unit. Each contract term extends, at a minimum, to the date all principal and interest on the 2003 and 2007 Series Bonds have been paid. The Payson Project was completed in June 2004.

The Contracts cannot be terminated or amended in any manner that 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, debt service on the revenue bonds, and any other costs incurred by UAMPS. The Purchasers are obligated to pay whether or not these projects, or any parts thereof, are operating or operable or output is suspended, interrupted, curtailed, interfered with, reduced, or terminated.

3. Net Costs Advanced or to Be Recovered Through Billings to Members

Net costs advanced or to be recovered through billings to Members for the years ended March 31, 2011 and 2010 and the accumulated totals as of March 31, 2011 and 2010, consisted of the following:

	For the Years Ended		Accumulated Totals as of March 31	
	2011	**2010**	**2011**	**2010**
Items advanced or not currently billable to Members				
Depreciation, accretion, and amortization of bond issuance costs	**$ 13,313,723**	$ 13,286,619	**$ 197,916,365**	$ 184,602,642
Refunding charge on refunding/defeasance of revenue bonds	**–**	69,972	**40,110,598**	40,110,598
Principal collected from certain receivables	**–**	–	**8,151,148**	8,151,148
Excess bond proceeds (used to pay interest/CWIP)	**–**	727,945	**11,761,440**	11,761,440
Principal amounts of notes	**–**	–	**1,750,000**	1,750,000
Cost recovery on off-system sales losses	**–**	–	**40,640,144**	40,640,144
Estimated future loss on contracts	**–**	–	**10,384,038**	10,384,038
Amortization of deferred revenue	**(725,433)**	(778,464)	**(19,168,631)**	(18,443,198)
Capital asset renewals and replacements	**(16,854,797)**	(9,512,129)	**(74,657,119)**	(57,802,322)
Principal amounts of debt service	**(9,354,001)**	(14,134,684)	**(245,539,409)**	(236,185,408)
Amortization of bond premium	**(268,266)**	(404,564)	**(3,551,861)**	(3,283,595)
Major overhaul reserve payments	**5,048,538**	2,232,694	**(5,874,737)**	(10,923,275)
Unrealized gain on investment	**(296,822)**	–	**(296,822)**	–
Accrued personal leave	**43,897**	43,515	**447,250**	403,353
Net costs advanced through billings to Members	**$ (9,093,161)**	$ (8,469,096)	**$ (37,927,596)**	$ (28,834,435)

4. Capital Assets

UAMPS' interest in two generating units represents a 14.582% and a 7.028% undivided interest in the PacifiCorp Hunter II and the Public Service Company of New Mexico San Juan Unit IV electric generating units (the Generating Units), respectively. The interest is recorded based on UAMPS' acquisition cost.

4. Capital Assets (continued)

UAMPS acquired a 15% entitlement share in the transmission capability of a 105-mile 345 kilovolts (kV) transmission line constructed between Craig, Colorado and the Bonanza Generation Station in Uintah County, Utah. UAMPS is responsible for a like percentage of the costs of acquisition, construction, operation, and maintenance of the line. UAMPS has also purchased an entitlement share of 54 megawatt (MW) of transmission capability on the Bonanza line, which extends from the Bonanza Generation Station to the Mona, Utah Substation.

The Central-St. George Project, located in Washington County, Utah, owned and operated by UAMPS, consists of 138 kV transmission facilities, including a 345/138 kV electric substation, approximately 25 miles of 138 kV transmission line, a 138 kV switching yard, a 138/69 kV electric substation, and approximately 16 miles of 69 kV transmission line to provide service to four of its members in Washington County. Pursuant to the terms of the Joint Operating Agreement, UAMPS and PacifiCorp have undertaken the Phase 3 upgrade to this system, which is the reconstruction of an existing line. The line has been removed, and replaced with twenty miles of new double circuit 345 kV line. The line has been constructed at 345 kV standards and initially operating at 138 kV. The project was placed in service April 2010.

The Payson Project is a combined cycle, natural-gas-fired, electric generating facility with a nominal generating capacity of 143 MW located in Payson City, Utah, owned and operated by UAMPS. The Payson Project also includes gas pipelines, electric transmission lines, and other properties, and facilities and equipment necessary for the operation of the generating facility. Engineering, equipment acquisition, and other pre-construction work on the Payson Project began in 2002 and was completed in June 2004 at a total cost of approximately $114.1 million.

The Washington-Hurricane Generator Set consists of three generators. The generator set is rated 1,900 Kw Continuous, 3,000 foot altitude, 120 degree, 12,740 volt, 3 phase, 1,800 RPM. The capacity of these units is sold to the respective participants. The generator set was purchased and placed into service in May 2007.

The Washington-Santa Clara Generator Set consists of two generators. The generator set is rated 1,900 Kw Continuous, 3,000 foot altitude, 120 degree, 12,740 volt, 3 phase, 1,800 RPM. The capacity of these units is sold to the respective participants. The generator set was purchased and placed into service in June 2008.

4. Capital Assets (continued)

The Construction Work-In Progress balance was $20.1 million at March 31, 2011 and $23.6 million at March 31, 2010. The balance at March 31, 2011 is composed entirely of costs for the Hunter Project planned outage and environmental upgrades that were still in progress at the end of the year. In the prior year the balance consisted of $4.7 million for the Hunter Project environmental upgrades, and $18.9 million for the Central-St. George Project for the Phase 3 upgrades.

A summary of utility, plant and equipment, changes in accumulated depreciation and related depreciation provisions expressed as an average depreciation rate follows:

	Generation	Transmission	Furniture and Equipment	Construction Work-in-Progress	Total
Balance, April 1, 2010	$ 225,214,906	$ 64,729,146	$ 1,091,214	$ 23,579,485	$ 314,614,751
Capital additions	**840,560**	**19,940,323**	**490,950**	**16,475,121**	**37,746,954**
Transfers, sales, and retirements	**(43,360)**	**–**	**(354,665)**	**(19,940,323)**	**(20,338,348)**
Balance, March 31, 2011	**$ 226,012,106**	**$ 84,669,469**	**$ 1,227,499**	**$ 20,114,283**	**$ 332,023,357**
Accumulated depreciation, April 1, 2010	$ (104,821,058)	$ (32,463,742)	$ (765,055)	$ –	$ (138,049,855)
Depreciation expense	**(9,686,035)**	**(3,143,566)**	**(209,408)**	**–**	**(13,039,009)**
Retirements	**43,359**	**–**	**354,665**	**–**	**398,024**
Accumulated depreciation, March 31, 2011	**$ (114,463,734)**	**$ (35,607,308)**	**$ (619,798)**	**$ –**	**$ (150,690,840)**
Average depreciation rate	**4.3%**	**4.2%**	**18.1%**	**–**	**4.0%**

4. Capital Assets (continued)

	Generation	Transmission	Furniture and Equipment	Construction Work-in-Progress	Total
Balance, April 1, 2009	$ 217,004,957	$ 64,689,181	$ 1,281,885	$ 4,261,353	$ 287,237,376
Capital additions	8,227,601	39,965	152,656	21,447,902	29,868,124
Transfers, sales, and retirements	(17,652)	–	(343,327)	(2,129,770)	(2,490,749)
Balance, March 31, 2010	$ 225,214,906	$ 64,729,146	$ 1,091,214	$ 23,579,485	$ 314,614,751
Accumulated depreciation, April 1, 2009	$ (94,632,743)	$ (29,904,753)	$ (901,743)	$ –	$ (125,439,239)
Depreciation expense	(10,205,967)	(2,558,989)	(206,638)	–	(12,971,594)
Retirements	17,652	–	343,327	–	360,979
Accumulated depreciation, March 31, 2010	$ (104,821,058)	$ (32,463,742)	$ (765,055)	$ –	$ (138,049,855)
Average depreciation rate	4.6%	4.0%	17.4%	–	4.3%

5. Investments

At March 31 UAMPS had the following total investments:

	2011	2010
Restricted:		
Money market funds invested in U.S. government securities	**$ 457,629**	$ 5,062,876
Investment in U.S. Treasury Note	**11,019,281**	11,665,619
Investment in debentures issued by Government Sponsored Enterprise	**3,002,419**	1,491,372
Utah Public Treasurer’s Investment Fund	**11,653,044**	24,854,262
Total	**$ 26,132,373**	$ 43,074,129
Current:		
Money Market Funds invested in U.S. government securities	**$ 23,186**	$ 137,756
Utah Public Treasurer’s Investment Fund	**10,056,802**	6,415,097
Total	**$ 10,079,988**	$ 6,552,853

5. Investments (continued)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. UAMPS policy for reducing its exposure to credit risk is to comply with the bond covenants that allow UAMPS to invest in U.S. government securities, obligations of any state, including the Utah Public Treasurer's Investment Fund (PTIF), certificates of deposit and banker's acceptances of banks meeting certain minimum requirements and repurchase agreements.

The PTIF operates and reports to the participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares. The PTIF was unrated at March 31, 2011.

At March 31, 2011 UAMPS had the following rated debt investments and quality ratings:

	2011	AAA	Unrated
Money market funds invested in U.S. government securities	$ 480,815	$ 480,815	$ –
Investment in U.S. Treasury Note	11,019,281	–	11,019,281
Investment in debentures issued by Government Sponsored Enterprise	3,002,419	3,002,419	–
Utah Public Treasurer's Investment Fund	21,709,846	–	21,709,846
	$ 36,212,361	$ 3,483,234	$ 32,729,127

Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance, and are not collateralized, are collateralized by the pledging financial institution, or are collateralized by the pledging financial institution's trust department or agent, but not in the depositor government's name. The City has no formal deposit policy with respect to custodial credit risk. UAMPS deposits are insured up to $250,000 by the Federal Deposit Insurance Corporation. At March 31, 2011 UAMPS had approximately $0.4 million exposed to custodial credit risk. State statutes do not require such accounts to be collateralized.

5. Investments (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. UAMPS uses the Specific Identification Method for identifying interest rate risk. UAMPS policy for reducing its exposure to interest rate risk is to comply with bond covenants as previously discussed.

At March 31, 2011 UAMPS had the following debt investment balances by investment type and maturity:

	2011	Less than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Investments in U.S. Treasury Note	$ 11,019,281	$ –	$ –	$ 11,019,281	$ –
Investment in debentures issued by Government Sponsored Enterprise	3,002,419	2,501,652	–	500,767	–
	$ 14,021,700	$ 2,501,652	$ –	$ 11,520,048	$ –

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an entities investment in a single issuer. UAMPS investments are in Money Market Funds invested in U.S. Government Securities, Investment in U.S. Treasury Note, Debentures issued by Government Sponsored Enterprise, and the Utah Public Treasurer's Investment Fund, were 1%, 31%, 8%, and 60%, respectively.

6. Cash

Cash of $0.7 million as of March 31, 2011 and $0.8 million at March 31, 2010 consists of deposits with banks.

Restricted cash of $5.7 million as of March 31, 2011 and $0.7 million at March 31, 2010 consisted of debt principal and interest payments for the Payson Project that were due on April 1, 2011 and 2010.

7. Debt

Pursuant to the Hunter II Project Revenue Bond Resolution, the San Juan Project Revenue Bond Resolution, the Craig-Mona Transmission Project Revenue Bond Resolution, the Central-St. George Transmission Project Revenue Bond Resolution, the Payson Power Project Bond Resolution, and the Member Services Revenue Bond Resolution (collectively, the Resolutions), all supplemented from time to time, UAMPS has issued the following revenue and refunding revenue bonds and notes payable:

Series	Original Issue	Interest Rate	Original Maturity Date	Principal Outstanding – March 31 2011	2010
Hunter II 1998					
Serial	$ 6,455,000	4.00%–5.00%	2000–2012	**$ 1,210,000**	$ 1,770,000
Hunter II 2004					
Serial	17,425,000	1.50%–5.00%	2004–2010	**–**	6,060,000
San Juan 1998					
Serial	15,750,000	4.00%–5.25%	2000–2015	**7,830,000**	9,165,000
Term	5,740,000	5.00%	2018	**5,740,000**	5,740,000
Term	9,125,000	5.00%	2022	**9,125,000**	9,125,000
	30,615,000				
San Juan 2008A					
Serial	2,345,000	3.50% – 4.50%	2009-2022	**2,090,000**	2,220,000
Central-St. George 2000					
Serial	7,025,000	4.40%–5.40%	2001–2019	**4,055,000**	4,405,000
Central-St. George 2003					
Serial	19,945,000	3.00%–4.75%	2003–2019	**12,510,000**	13,645,000
Central-St. George 2009					
Serial	2,350,000	4.00%–5.00%	2010-2019	**2,165,000**	2,350,000

7. Debt (continued)

Series	Original Issue	Interest Rate	Original Maturity Date	Principal Outstanding – March 31 2011	2010
Term	$ 2,335,000	5.25%	2020	**$ 2,335,000**	$ 2,335,000
	2,455,000	5.25%	2021	**2,455,000**	2,455,000
	2,585,000	5.25%	2022	**2,585,000**	2,585,000
	2,720,000	5.25%	2023	**2,720,000**	2,720,000
	2,865,000	5.25%	2024	**2,865,000**	2,865,000
	3,015,000	5.25%	2025	**3,015,000**	3,015,000
	3,170,000	5.25%	2026	**3,170,000**	3,170,000
	3,340,000	5.25%	2027	**3,340,000**	3,340,000
	22,485,000				
Payson 2003					
Serial	100,850,000	3.00%–5.25%	2006–2026	**85,280,000**	88,680,000
Payson 2007					
Serial	2,751,000	3.90%–4.49%	2009-2018	**2,285,000**	2,522,000
Hurricane-Washington 2007A					
Term	430,000	4.15%	2012	**183,000**	269,000
Term	533,000	4.40%	2017	**533,000**	533,000
Term	671,000	4.75%	2022	**671,000**	671,000
Term	857,000	5.00%	2027	**857,000**	857,000
	2,491,000				
Hurricane-Washington 2007B					
Term	213,000	4.15%	2012	**90,000**	133,000
Term	264,000	4.40%	2017	**264,000**	264,000
Term	332,000	4.75%	2022	**332,000**	332,000
Term	425,000	5.00%	2027	**425,000**	425,000
	1,234,000				

7. Debt (continued)

Series	Original Issue	Interest Rate	Original Maturity Date	Principal Outstanding – March 31 2011	2010
Santa Clara – Washington 2008					
Serial	2,698,000	5.16%	2009-2028	**$ 2,536,000**	$ 2,619,000
				160,666,000	174,270,000
Less unamortized bond discount				**336,782**	365,355
Plus unamortized bond premium				**5,381,947**	5,654,087
Less current portion (excluding current portion of unamortized bond premium and discount)				**7,904,000**	13,604,000
				$157,807,165	$165,954,732

The Hunter 1998 Series Bonds (totaling $6.5 million) maturing on or after July 1, 2009 are subject to redemption prior to maturity at the option of UAMPS, in whole or in part, at various times on or after July 1, 2008, at redemption prices ranging from 100% to 101%, plus accrued interest to the date of redemption.

The 2004 Hunter II Series Bonds (totaling $17.4 million) fully matured on July 1, 2010.

The San Juan 1998 Series Bonds (totaling $30.6 million) maturing on or after June 1, 2009 are subject to redemption prior to maturity at the option of UAMPS, in whole or in part, at various times on or after June 1, 2008, at redemption prices ranging from 100% to 101%, plus accrued interest to the date of redemption.

The San Juan Project Revenue Bonds, Series 2008A (totaling $2.3 million) maturing on or after June 1, 2019 are subject to redemption prior to maturity on or after June 1, 2018, in whole or in part on any date, at a redemption price equal to 100% of the principal amount of each bond or portion thereof plus accrued interest.

The Central-St. George 2000 Series Bonds (totaling $7.0 million), maturing on or after December 1, 2011, are subject to redemption prior to maturity at the option of UAMPS, in whole or in part, at various times on or after December 1, 2010, at a redemption price equal to 100%, plus accrued interest to the date of redemption.

7. Debt (continued)

The Central-St. George 2003 Series Bonds (totaling $19.9 million), maturing on or after December 1, 2012, are subject to redemption prior to maturity at the option of UAMPS on and after June 1, 2012, in whole or in part on any date, at a redemption price equal to 100% of the principal amount, plus accrued interest to the date of redemption.

The Central-St. George Transmission Project Revenue and Refunding Bonds, Series 2009, (totaling $24.8 million), at 4.00%–5.25% interest, maturing on and after December 1, 2020, are subject to maturity on or after December 1, 2019, in whole at any time or in part on any date, at redemption price equal to 100% of the principal amount plus accrued interest.

The Payson Project Revenue 2003 Series Bonds (totaling $100.9 million), were issued on March 18, 2003 at a premium of $7.4 million, with effective interest rates of 2.48% to 4.73%. The 2003 Series Bonds maturing on or after April 1, 2014 are subject to redemption prior to maturity at the option of UAMPS, in whole or in part, at various times on or after April 1, 2013 at a redemption price equal to 100%, plus accrued interest to the date of redemption.

The Payson Power Project Special Obligation Revenue Bonds, Series 2007, (totaling $2.8 million) maturing April 19, 2018 at 3.90%-4.49% interest, are subject to redemption, in whole or in part, on or after April 1, 2013, at a redemption price equal to 100% of the principal amount of the bonds redeemed, plus accrued interest to the date fixed for redemption.

The Hurricane-Washington Generating Project Revenue Bonds, Series 2007 A & B, (totaling $3.7 million) maturing May 1, 2027 at 4.15%-5.00% interest, are subject to redemption prior to maturity on any date, in whole or in part, in inverse order of maturity, at a redemption price equal to 100% of the principal amount of the bonds to be redeemed plus accrued interest.

The Santa Clara-Washington Generating Project Revenue Bonds, Series 2008, (totaling $2.7 million) maturing July 1, 2028 at 5.16% interest are subject to redemption price equal to 100% of the principal amount of the bonds plus accrued interest. The bonds were issued to provide funds for the purchase of two generators for the cities of Santa Clara and Washington, the costs of issuance, and the sale of the related bonds.

The Resolutions for bond issues with term bonds require mandatory sinking fund payments be made beginning in 2005 and beyond. Such sinking fund requirements have been scheduled so that UAMPS will have approximately the same debt service requirement each year over the life of the bonds.

7. Debt (continued)

The Resolutions provide that the Revenue and Refunding Revenue Bonds shall be direct and special obligations of UAMPS, payable solely from and solely secured by certain sources described in the Resolutions.

Restricted cash and investments are restricted only for the purposes stipulated in the Resolutions. When both restricted and unrestricted resources are available for use, UAMPS' Project Management Committee determines which resources are used first.

The scheduled maturities and related interest, based on scheduled rates for fixed rate bonds and the existing rates at March 31, 2011 for variable rate bonds, of long-term debt are as follows:

Year Ending March 31	Revenue and Refunding Revenue Bonds	Interest	Total Debt Service Requirements
2012	$ 7,904,000	$ 7,733,877	$ 15,637,877
2013	8,293,000	7,338,350	15,631,350
2014	8,060,000	6,934,760	14,994,760
2015	8,447,000	6,517,395	14,964,395
2016	8,882,000	6,079,102	14,961,102
2017–2021	50,535,000	23,079,384	73,614,384
2022–2026	53,367,000	9,675,850	63,042,850
2027–2031	15,178,000	459,498	15,637,498
Total	$ 160,666,000	$ 67,818,216	$ 228,484,216

UAMPS incurred interest costs of $8.0 million and $8.4 million for the years ended March 31, 2011 and 2010, respectively. Of the total interest costs, UAMPS capitalized an immaterial amount during the year ended March 31, 2011 as a result of interest incurred on the Central-St. George 2009 Series Bonds used for the construction of the Phase 3 facilities. UAMPS capitalized $0.9 million during the year ended March 31, 2010.

7. Debt (continued)

The table below shows the changes in net long-term debt balances that occurred during the year ended March 31, 2011.

	March 31, 2010	Additions	Reductions	March 31, 2011	Amount Due Within One Year
Hunter II 1998	$ 1,770,000	$ –	$ 560,000	**$ 1,210,000**	**$ 590,000**
Hunter II 2004	6,060,000	–	6,060,000	**–**	**–**
San Juan 1998–Serial	9,165,000	–	1,335,000	**7,830,000**	**1,405,000**
San Juan 1998–Term	5,740,000	–	–	**5,740,000**	**–**
San Juan 1998–Term	9,125,000	–	–	**9,125,000**	**–**
San Juan 2008A – Serial	2,220,000	–	130,000	**2,090,000**	**135,000**
Central-St. George 2000	4,405,000	–	350,000	**4,055,000**	**365,000**
Central-St. George 2003	13,645,000	–	1,135,000	**12,510,000**	**1,175,000**
Central-St. George 2009 – Serial	2,350,000	–	185,000	**2,165,000**	**195,000**
Central-St. George 2009 – Term	2,335,000	–	–	**2,335,000**	**–**
Central-St. George 2009 – Term	2,455,000	–	–	**2,455,000**	**–**
Central-St. George 2009 – Term	2,585,000	–	–	**2,585,000**	**–**
Central-St. George 2009 – Term	2,720,000	–	–	**2,720,000**	**–**
Central-St. George 2009 – Term	2,865,000	–	–	**2,865,000**	**–**
Central-St. George 2009 – Term	3,015,000	–	–	**3,015,000**	**–**
Central-St. George 2009 – Term	3,170,000	–	–	**3,170,000**	**–**
Central-St. George 2009 – Term	3,340,000	–	–	**3,340,000**	**–**
Payson 2003	88,680,000	–	3,400,000	**85,280,000**	**3,570,000**
Payson 2007	2,522,000	–	237,000	**2,285,000**	**247,000**
Hurricane-Washington – 2007A – Term	269,000	–	86,000	**183,000**	**90,000**
Hurricane-Washington – 2007A – Term	533,000	–	–	**533,000**	**–**
Hurricane-Washington – 2007A – Term	671,000	–	–	**671,000**	**–**
Hurricane-Washington – 2007A – Term	857,000	–	–	**857,000**	**–**
Hurricane-Washington – 2007B – Term	133,000	–	43,000	**90,000**	**44,000**
Hurricane-Washington – 2007B – Term	264,000	–	–	**264,000**	**–**
Hurricane-Washington – 2007B – Term	332,000	–	–	**332,000**	**–**
Hurricane-Washington – 2007B – Term	425,000	–	–	**425,000**	**–**
Santa Clara – Washington 2008	2,619,000	–	83,000	**2,536,000**	**88,000**
	174,270,000	–	13,604,000	**160,666,000**	**7,904,000**
Less unamortized discount	394,037	–	28,682	**365,355**	**28,572**
Plus unamortized premium	5,951,035	–	296,948	**5,654,087**	**272,139**
	$ 179,826,998	$ –	$ 13,872,266	**$ 165,954,732**	**$ 8,147,567**

7. Debt (continued)

The table below shows the changes in net long-term debt balances that occurred during the year ended March 31, 2010.

	March 31, 2009	Additions	Reductions	March 31, 2010	Amount Due Within One Year
Hunter II 1998	$ 2,305,000	$ –	$ 535,000	**$ 1,770,000**	**$ 560,000**
Hunter II 2004	11,840,000	–	5,780,000	**6,060,000**	**6,060,000**
San Juan 1998–Serial	10,430,000	–	1,265,000	**9,165,000**	**1,335,000**
San Juan 1998–Term	5,740,000	–	–	**5,740,000**	**–**
San Juan 1998–Term	9,125,000	–	–	**9,125,000**	**–**
San Juan 2008A – Serial	2,345,000	–	125,000	**2,220,000**	**130,000**
Craig Mona 1993	1,010,000	–	1,010,000	**–**	**–**
Central-St. George 1997B–Serial	785,000	–	785,000	**–**	**–**
Central-St. George 1997B–Term	1,840,000	–	1,840,000	**–**	**–**
Central-St. George 2000	4,740,000	–	335,000	**4,405,000**	**350,000**
Central-St. George 2003	14,745,000	–	1,100,000	**13,645,000**	**1,135,000**
Central-St. George 2009 – Serial	–	2,350,000	–	**2,350,000**	**185,000**
Central-St. George 2009 – Term	–	2,335,000	–	**2,335,000**	**–**
Central-St. George 2009 – Term	–	2,455,000	–	**2,455,000**	**–**
Central-St. George 2009 – Term	–	2,585,000	–	**2,585,000**	**–**
Central-St. George 2009 – Term	–	2,720,000	–	**2,720,000**	**–**
Central-St. George 2009 – Term	–	2,865,000	–	**2,865,000**	**–**
Central-St. George 2009 – Term	–	3,015,000	–	**3,015,000**	**–**
Central-St. George 2009 – Term	–	3,170,000	–	**3,170,000**	**–**
Central-St. George 2009 – Term	–	3,340,000	–	**3,340,000**	**–**
Payson 2003	91,920,000	–	3,240,000	**88,680,000**	**3,400,000**
Payson 2007	2,751,000	–	229,000	**2,522,000**	**237,000**
Hurricane-Washington – 2007A – Term	351,000	–	82,000	**269,000**	**86,000**
Hurricane-Washington – 2007A – Term	533,000	–	–	**533,000**	**–**
Hurricane-Washington – 2007A – Term	671,000	–	–	**671,000**	**–**
Hurricane-Washington – 2007A – Term	857,000	–	–	**857,000**	**–**
Hurricane-Washington – 2007B – Term	174,000	–	41,000	**133,000**	**43,000**
Hurricane-Washington – 2007B – Term	264,000	–	–	**264,000**	**–**
Hurricane-Washington – 2007B – Term	332,000	–	–	**332,000**	**–**
Hurricane-Washington – 2007B – Term	425,000	–	–	**425,000**	**–**
Santa Clara – Washington 2008	2,698,000	–	79,000	**2,619,000**	**83,000**
	165,881,000	24,835,000	16,446,000	**174,270,000**	**13,604,000**
Less unamortized discount	–	416,072	22,035	**394,037**	**28,682**
Plus unamortized premium	6,377,633	–	426,598	**5,951,035**	**296,948**
	$ 172,258,633	$ 24,418,928	$ 16,850,563	**$ 179,826,998**	**$ 13,872,266**

8. Lines of Credit

In August 2001, UAMPS obtained a $3.0 million revolving line of credit for cash flow purposes at a rate of 75% of the financial institution's prime lending rate, which rate was 2.44% as of March 31, 2011. As of March 31, 2006, UAMPS had obtained an additional revolving line of credit totaling $11.0 million at a variable rate in relation to LIBOR, which rate was 1.20% as of March 31, 2011. In September 2006, UAMPS obtained an additional $8.0 million from the same financial institution upon substantially the same terms and conditions. The outstanding balance on the combined $22.0 million available lines of credit was $14.8 million and $14.4 million at March 31, 2011 and 2010, respectively. The additional revolving lines of credit were obtained to assist UAMPS with working capital requirements.

9. Commitments and Contingencies

In the course of ordinary business activities, UAMPS enters into a variety of contractual obligations for future transactions for both energy and natural gas in order to meet Member's load and resource requirements.

UAMPS had the following Purchase Commitments at March 31, 2011:

	Gas	Power
Fiscal Year:		
2012	$ 8,867,503	$ 1,487,212
2013	7,696,835	23,642,490
2014	5,691,750	25,325,490
2015	679,525	25,325,490
2016	–	25,397,838
	$ 22,935,613	$ 101,178,520

Under similar agreements UAMPS purchased energy in the amount of $20.1 million in fiscal year 2011 and $19.2 million in fiscal year 2010. UAMPS purchased natural gas in the amount of $7.8 in fiscal year 2011 and $8.4 in fiscal year 2010.

9. Commitments and Contingencies (continued)

UAMPS shares an ownership interest in the San Juan Generating Station, which has an agreement with the Public Service Company of New Mexico to purchase a minimum annual quantity of coal. Under the agreement currently in place, the San Juan Generating Station and UAMPS, as a part owner of generating unit number 4, have the following estimated commitments over the next five years:

Year	Tons	Total Commitment at the March 31, 2011 Price per Ton	UAMPS' Portion of Commitment at March 31, 2011 Price Per Ton
2012	5,600,000	$ 270,704,000	$ 5,870,000
2013	5,600,000	270,704,000	5,870,000
2014	5,600,000	270,704,000	5,870,000
2015	5,600,000	270,704,000	5,870,000
2016	5,600,000	270,704,000	5,870,000

During fiscal years 2011 and 2010, UAMPS incurred minimum coal costs of $6.7 million and $5.5 million, respectively, and incremental coal costs of $0.3 million and $0.4 million, respectively, as its portion of the existing San Juan Operating Agreement. Incremental coal costs are comprised of variable costs for the purchase of coal in excess of the minimum purchase requirement and can be negative due to consumption being less than the base purchase requirement.

UAMPS leases office space under a ten-year operating lease expiring in fiscal year 2021. Future minimum lease payments under the operating lease obligation are:

Fiscal Year:	
2012	$ 180,467
2013	366,330
2014	373,656
2015	381,129
2016	388,752
Thereafter	1,954,638
	$ 3,644,972

9. Commitments and Contingencies (continued)

Rent expense was approximately $0.3 million for the years ended March 31, 2011 and 2010.

During the normal course of conducting its business, UAMPS becomes involved in litigation. It is not possible to determine the eventual outcome of presently unresolved litigation. However, management believes it will not have a material adverse effect on UAMPS' financial position or results of operations.

In October 2010, construction began on the Horse Butte Wind Project. The Horse Butte Wind Project is a 57.6 MW wind powered electric generating facility currently under construction in Bonneville County, Idaho. So that the costs of construction of the project can be ultimately funded in part with the cash grant for 30% of the qualifying costs of renewable energy projects provided by the American Recovery and Reinvestment Act of 2009, the project is and will be owned by Horse Butte Wind I LLC (the "Project Owner").

Pursuant to a Development Agreement between the Project Owner and UAMPS, UAMPS is acting as developer and agent for the Project Owner with respect to the project and is responsible for all aspects of the development and construction of the project. As developer, UAMPS has, among other things, negotiated the terms of a Construction Loan Agreement (pursuant to which construction financing for the project is being provided), a Turbine Supply Agreement (providing for the acquisition of the wind turbines for the project) and a Balance of Plant (BOP) Contract (providing for all other work necessary to construct the project and place it into commercial operation). In order to enable the project to be economically constructed and financed on favorable terms, UAMPS has co-signed these agreements with the Project Owner and has agreed to be primarily liable for making the payments required under these agreements.

UAMPS has executed a 20-year Power Purchase Agreement with the Project Owner. Under the Power Purchase Agreement, UAMPS is required to make a prepayment estimated at $173.2 million for the expected minimum energy output of the project (known as the "P99" output) over the 20-year term of the Power Purchase Agreement, on or before the commercial operation date of the project. Additionally UAMPS agrees to purchase all additional energy produced and all RECs associated with the prepaid and additional energy on a pay-as-you-go basis. The expected energy purchase commitment for the 5 years following the commercial operation date is $20.8 million. Under the Power Purchase Agreement UAMPS has the option to purchase the project on certain specified dates.

10. Retirement Plan

UAMPS has a noncontributory money purchase defined contribution pension plan, which covers all of its employees. Employees are eligible to participate from the date of employment. Contributions and earnings thereon are always fully vested upon participation in the plan. Contribution levels are established by the Board and are initially equal to 15.3%, increasing to a maximum of 25% of each covered employee's compensation. UAMPS' covered payroll amounted to approximately $3.3 million and $2.9 million in 2011 and 2010, respectively. Contributions, which are approximately 22.2% and 22.8% of total payroll, totaled approximately $0.7 million for the years ended March 31, 2011 and 2010. All contributions are invested using an outside pension administrator, ICMA Retirement Corp. (ICMA). ICMA provides the participants with multiple options for their pension investments.

11. Subsequent Events

On April 1, the consolidated line of credit from Wells Fargo Bank, totaling $19 million, was renewed through March 31, 2012.

On April 26, 2011, UAMPS issued the San Juan Project Refunding Revenue Bonds, Series 2011 (totaling $22.2 million), maturing June 1, 2023 at 2.00%–5.50% interest. The bonds maturing on and after June 1, 2022, are subject to maturity on or after June 1, 2021, in whole at any time or in part on any date, at redemption price equal to 100% of the principal amount plus accrued interest. The bonds were issued to refund all the current outstanding San Juan Project Refunding Revenue Bonds, Series 1998, provide for a deposit into the Debt Service Reserve Account, and pay cost of issuance.

On July 21, 2011, UAMPS entered into a short term financing for the Hunter Project (totaling $6 million), at a fixed interest rate of 1.37% for a term of nine months. The financing will be used to fund capital projects consisting of environmental upgrades at the plant, refunding of the Hunter II 1998 Series Bonds, maturing on July 1, 2012, and pay cost of issuance.

Supplemental Schedules

Utah Associated Municipal Power Systems

Schedules of Changes in Funds Required by the Revenue Bond Resolutions

Year Ended March 31, 2010

	Revenue Fund	Operations and Maintenance Fund	Construction Fund	Debt Service Fund: Debt Service Account	Debt Service Fund: Debt Service Reserve Account	Reserve and Contingency Fund	Total
Balance at March 31, 2009	$ 5,170,578	$ (698,364)	$ 861,744	$ 14,124,330	$ 10,545,282	$ 15,781,092	$ 45,784,662
Additions:							
Investment earnings receipts	6,818	–	87,650	33,746	72,705	113,601	314,520
Debt proceeds	141,795,249	–	19,127,446	2,458,844	2,832,639	–	166,214,178
Sale of Fixed Asset Proceeds	–	–	–	–	–	–	–
Power sales receipts	185,257,924	–	–	–	–	–	185,257,924
Transfers from irrevocable trust	–	–	–	–	–	–	–
Transfers (to) from other funds	(184,382,875)	157,399,052	(27,961)	22,562,014	(1,470,639)	5,920,409	–
	142,677,116	157,399,052	19,187,135	25,054,604	1,434,705	6,034,010	351,786,622
Deductions:							
Purchase of capital additions	–	2,854,019	17,232,199	902,919	–	6,749,216	27,738,353
Payments on debt	139,495,249	–	–	16,446,000	–	–	155,941,249
Interest payments	–	142,462	–	7,547,165	–	–	7,689,627
Cost of issuance	–	–	408,183	–	–	–	408,183
Distribution	–	2,775,488	–	–	–	–	2,775,488
Operating expenses	–	151,927,099	–	5,700	–	–	151,932,799
	139,495,249	157,699,068	17,640,382	24,901,784	–	6,749,216	346,485,699
Balance at March 31, 2010	8,352,445	(998,380)	2,408,497	14,277,150	11,979,987	15,065,886	51,085,585
Additions:							
Investment earnings receipts	**6,706**	**–**	**2,502**	**25,899**	**387,502**	**115,639**	**538,248**
Debt proceeds	**153,873,584**	**–**	**–**	**–**	**–**	**–**	**153,873,584**
Sale of Fixed Asset Proceeds	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Power sales receipts	**194,786,945**	**–**	**–**	**–**	**–**	**–**	**194,786,945**
Transfers from irrevocable trust	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Transfers (to) from other funds	**(194,609,692)**	**167,870,556**	**(102,633)**	**17,464,664**	**154,409**	**9,222,696**	**–**
	154,057,543	**167,870,556**	**(100,131)**	**17,490,563**	**541,911**	**9,338,335**	**349,198,777**
Deductions:							
Purchase of capital additions	**–**	**679,521**	**2,308,366**	**–**	**–**	**14,818,743**	**17,806,630**
Payments on debt	**153,473,584**	**–**	**–**	**13,604,000**	**–**	**–**	**167,077,584**
Interest payments	**–**	**93,936**	**–**	**8,404,121**	**–**	**–**	**8,498,057**
Cost of issuance	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Distribution	**–**	**5,850,005**	**–**	**–**	**–**	**–**	**5,850,005**
Operating expenses	**–**	**158,415,713**	**–**	**5,250**	**–**	**–**	**158,420,963**
	153,473,584	**165,039,175**	**2,308,366**	**22,013,371**	**–**	**14,818,743**	**357,653,239**
Balance at March 31, 2011	**$ 8,936,404**	**$ 1,833,001**	**$ –**	**$ 9,754,342**	**$ 12,521,898**	**$ 9,585,478**	**$ 42,631,123**

Utah Associated Municipal Power Systems

Schedules of Project Financial Statements

Balance Sheet

March 31, 2011

	CRSP	Hunter II	San Juan Unit 4	IPP	Firm Power	Wind	Craig-Mona	Central-St. George	UAMPS Pool	Payson	IPP #3	Resource	Gas Project	Government and Public Affairs	Member Services	Total
Assets																
Current assets:																
Cash	$ 938,336	$ 1,429,866	$ 1,349,284	$ 3,097,163	$ 912,066	$ (341,830)	$ 946,211	$ (1,588,016)	$ (8,254,656)	$ 2,597,804	$(1,095,665)	$ 562,078	$ (302,667)	$ 302,769	$ 136,675	$ 689,418
Investments	2,103,987	2,973,854	2,264,445	6,791,997	212,947	283,519	73,039	731,131	4,037,984	4,159,005	–	94,718	377,604	54,482	103,001	24,261,713
Receivables	–	2,777,000	760,841	–	–	139,222	13,081	–	10,000	1,022,394	–	–	–	–	–	4,722,538
Prepaid expenses and deposits	230,420	380,080	271,094	969,087	29,355	6,985	8,916	67,140	6,021,291	494,205	1,573,482	5,923	2,539	5,564	13,907	10,079,988
	3,272,743	7,560,800	4,645,664	10,858,247	1,154,368	87,896	1,041,247	(789,745)	1,814,619	8,273,408	477,817	662,719	77,476	362,815	253,583	39,753,657
Restricted assets:																
Cash	–	–	–	–	–	–	–	–	–	5,729,344	–	–	–	–	–	5,729,344
Investments	–	5,734,948	3,814,816	–	–	–	–	5,128,691	–	10,991,958	–	–	–	–	461,960	26,132,373
Interest receivable	–	8,011	–	–	–	–	–	22,711	–	38,608	–	–	–	–	–	69,330
	–	5,742,959	3,814,816	–	–	–	–	5,151,402	–	16,759,910	–	–	–	–	461,960	31,931,047
Utility plant and equipment:																
Generation	–	62,559,707	57,245,963	–	–	–	–	–	–	99,527,453	–	–	–	–	6,678,983	226,012,106
Transmission	–	–	–	–	–	–	17,492,388	56,655,344	–	10,521,737	–	–	–	–	–	84,669,469
Furniture and equipment	66,106	71,425	55,046	33,109	42,142	46,634	32,804	52,311	17,950	492,436	94,500	83,745	19,363	105,604	14,324	1,227,499
	66,106	62,631,132	57,301,009	33,109	42,142	46,634	17,525,192	56,707,655	17,950	110,541,626	94,500	83,745	19,363	105,604	6,693,307	311,909,074
Less accumulated depreciation	(38,241)	(51,759,252)	(29,203,233)	(16,188)	(34,463)	(7,707)	(12,189,597)	(22,461,241)	(39,605)	(33,256,715)	(101,005)	(38,910)	(3,685)	(76,820)	(1,464,178)	(150,690,840)
	27,865	10,871,880	28,097,776	16,921	7,679	38,927	5,335,595	34,246,414	(21,655)	77,284,911	(6,505)	44,835	15,678	28,784	5,229,129	161,218,234
Construction work-in-progress	–	20,114,283	–	–	–	–	–	–	–	–	–	–	–	–	–	20,114,283
	27,865	30,986,163	28,097,776	16,921	7,679	38,927	5,335,595	34,246,414	(21,655)	77,284,911	(6,505)	44,835	15,678	28,784	5,229,129	181,332,517
Other assets:																
Unamortized bond issuance costs	–	248,840	719,619	–	–	–	–	1,025,996	–	2,767,987	–	–	–	–	241,951	5,004,393
Accumulated amortization of	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
bond issuance costs	–	(226,443)	(319,956)	–	–	–	–	(341,107)	–	(963,250)	–	–	–	–	(41,018)	(1,891,774)
Net bond issuance costs	–	22,397	399,663	–	–	–	–	684,889	–	1,804,737	–	–	–	–	200,933	3,112,619
Total assets	$ 3,300,608	$ 44,312,319	$ 36,957,919	$10,875,168	$1,162,047	$ 126,823	$ 6,376,842	$ 39,292,960	$ 1,792,964	$104,122,966	$ 471,312	$ 707,554	$ 93,154	$ 391,599	$ 6,145,605	$ 256,129,840

Utah Associated Municipal Power Systems

Schedules of Project Financial Statements (continued)

Balance Sheet (continued)

March 31, 2011

	CRSP	Hunter II	San Juan Unit 4	IPP	Firm Power	Wind	Craig-Mona	Central-St. George	UAMPS Pool	Payson	IPP #3	Resource	Gas Project	Government and Public Affairs	Member Services	Total
Membership capital and liabilities																
Current liabilities:																
Accounts payable	$ 1,695,103	$ 1,133,259	$ 425,533	$ 345,906	$ 165,797	$ 16,270	$ 441,587	$ 78,368	$ 3,308,128	$ 2,614,481	$ 13,004	$ 22,453	$ 3,158	$ 19,610	$ 7,349	$ 10,290,006
Accrued liabilities	139,896	190,071	908,259	3,712,639	27,492	68,167	41,116	24,133	3,472,666	582,197	7,288	(4,117)	25,717	48,583	16	9,244,123
Lines of credit	1,273,809	2,101,154	1,498,655	5,357,292	162,281	38,614	49,288	371,160	1,061,272	2,732,054	–	32,746	14,035	30,760	76,880	14,800,000
Current portion of unearned revenue	–	20,800	412,772	–	–	–	–	116,445	44,196	175,416	–	–	–	–	–	769,629
	3,108,808	3,445,284	3,245,219	9,415,837	355,570	123,051	531,991	590,106	7,886,262	6,104,148	20,292	51,082	42,910	98,953	84,245	35,103,758
Liabilities payable from restricted assets:																
Accrued interest payable	983	16,747	413,739	4,136	125	30	38	680,195	819	2,209,975	–	25	11	24	98,664	3,425,511
Current portion of long-term debt	–	590,000	1,542,914	–	–	–	–	1,706,428	–	4,086,225	–	–	–	–	222,000	8,147,567
	983	606,747	1,956,653	4,136	125	30	38	2,386,623	819	6,296,200	–	25	11	24	320,664	11,573,078
Long-term debt:																
Bonds payable, less current portion	–	620,000	23,245,001	–	–	–	–	39,479,999	–	83,748,000	–	–	–	–	5,669,000	152,762,000
Less: unamortized bond discount	–	–	–	–	–	–	–	(336,782)	–	–	–	–	–	–	–	(336,782)
Plus: unamortized bond premium	–	–	16,087	–	–	–	–	–	–	5,365,860	–	–	–	–	–	5,381,947
	–	620,000	23,261,088	–	–	–	–	39,143,217	–	89,113,860	–	–	–	–	5,669,000	157,807,165
Unearned revenue, less current portion	–	268,676	10,274,749	–	–	–	–	2,800,268	–	1,965,067	–	–	–	–	–	15,308,760
Accumulated amortization of unearned revenue	–	(263,476)	(6,078,232)	–	–	–	–	(1,914,428)	–	(646,020)	–	–	–	–	–	(8,902,156)
Net unearned revenue	–	5,200	4,196,517	–	–	–	–	885,840	–	1,319,047	–	–	–	–	–	6,406,604
Net costs advanced or to be recovered through billings to Members	(3,312)	37,348,876	3,652,364	1,324	(27,239)	3,742	5,852,053	(3,541,691)	(6,403,678)	1,075,597	83,325	9,082	2,404	(279)	(124,972)	37,927,596
Net assets	194,129	2,286,212	646,078	1,453,871	833,591	–	(7,240)	(171,135)	309,561	214,114	367,695	647,365	47,829	292,901	196,668	7,311,639
	$ 3,300,608	$ 44,312,319	$ 36,957,919	$ 10,875,168	$ 1,162,047	$ 126,823	$ 6,376,842	$ 39,292,960	$ 1,792,964	$ 104,122,966	$ 471,312	$ 707,554	$ 93,154	$ 391,599	$ 6,145,605	$ 256,129,840

Utah Associated Municipal Power Systems

Schedules of Project Financial Statements (continued)

Statement of Revenues and Expenses

Year Ended March 31, 2011

	CRSP	Hunter II	San Juan Unit 4	IPP	Firm Power	Wind	Craig-Mona	Central-St. George	UAMPS Pool	Payson	IPP #3	Resource	Gas Project	Government and Public Affairs	Member Services	Total
Operating revenues:																
Power sales to Members	$ 13,699,514	$ 21,701,500	$ 16,647,183	$ 48,846,621	$ 2,298,423	$ 686,365	$ 539,356	$ 4,411,169	$ 37,989,321	$ 34,645,760	$ 9,458,875	$ 44,601	$ 128,067	$ 343,329	$ 784,611	$ 192,224,695
Other	737	566	387	1,182	91	113	27	110	3,189	1,326	50	1,597,928	43	81	–	1,605,830
	13,700,251	21,702,066	16,647,570	48,847,803	2,298,514	686,478	539,383	4,411,279	37,992,510	34,647,086	9,458,925	1,642,529	128,110	343,410	784,611	193,830,525
Operating expenses:																
Cost of power	13,264,691	9,798,823	10,695,337	47,215,524	2,202,065	–	225,632	186,311	35,393,918	23,237,613	9,419,627	–	–	26,413	156,731	151,822,685
In lieu of ad valorem taxes	–	279,793	239,500	363,893	–	–	70,389	–	–	–	–	–	–	–	–	953,575
Depreciation	9,995	2,023,710	2,534,297	7,136	7,695	6,533	598,310	2,244,466	15	5,228,922	26,315	11,105	2,983	20,427	317,100	13,039,009
General and administrative	341,397	311,131	454,772	522,638	73,304	663,088	93,221	196,432	1,073,390	2,064,755	15,970	1,465,101	73,108	264,856	10,793	7,623,956
	13,616,083	12,413,457	13,923,906	48,109,191	2,283,064	669,621	987,552	2,627,209	36,467,323	30,531,290	9,461,912	1,476,206	76,091	311,696	484,624	173,439,225
Operating income	84,168	9,288,609	2,723,664	738,612	15,450	16,857	(448,169)	1,784,070	1,525,187	4,115,796	(2,987)	166,323	52,019	31,714	299,987	20,391,300
Nonoperating revenues (expenses):																
Interest income	–	46,646	15,422	399	–	–	825	223,194	–	541,283	21,150	–	–	–	1,580	850,499
Interest expense	(10,709)	(124,469)	(1,259,691)	(45,044)	(1,364)	(325)	(414)	(2,083,150)	(8,923)	(4,181,303)	–	(275)	(118)	(259)	(291,162)	(8,007,206)
Amortization of bond issuance costs	–	(42,667)	(35,790)	–	–	–	–	(58,567)	–	(125,769)	–	–	–	–	(11,921)	(274,714)
	(10,709)	(120,490)	(1,280,059)	(44,645)	(1,364)	(325)	411	(1,918,523)	(8,923)	(3,765,789)	21,150	(275)	(118)	(259)	(301,503)	(7,431,421)
Excess of revenues over expenses before net costs to be recovered from future billings to Members	73,459	9,168,119	1,443,605	693,967	14,086	16,532	(447,758)	(134,453)	1,516,264	350,007	18,163	166,048	51,901	31,455	(1,516)	12,959,879
Increase (decrease) in net costs to be recovered from future billings to Members	(1,214)	(8,442,591)	(1,295,845)	(1,079)	(1,838)	(16,532)	590,572	85,330	15	(13,102)	26,316	(37,230)	(10,054)	(501)	24,592	(9,093,161)
Excess of revenues over expenses	$ 72,245	$ 725,528	$ 147,760	$ 692,888	$ 12,248	$ –	$ 142,814	$ (49,123)	$ 1,516,279	$ 336,905	$ 44,479	$ 128,818	$ 41,847	$ 30,954	$ 23,076	$ 3,866,718

Other Reports

Ernst & Young LLP
Suite 400
178 South Rio Grande Street
Salt Lake City, UT 84101

Tel: +1 801 350 3300
Fax: +1 801 350 3456
www.ey.com

Report of Independent Auditors on State of Utah Legal Compliance

The Board of Directors of
Utah Associated Municipal Power Systems

We have audited Utah Associated Municipal Power Systems' compliance with general compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended March 31, 2011. The general compliance requirements applicable to the Company are identified as follows:

- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Other General Issues

Utah Associated Municipal Power Systems did not receive any major or non-major state grants during the year ended March 31, 2011.

Compliance with the requirements referred to above is the responsibility of the Company's management. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Utah Legal Compliance Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the general compliance requirements identified above. An audit includes examining, on a test basis, evidence about the Company's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Company's compliance with those requirements.

In our opinion, Utah Associated Municipal Power Systems complied, in all material respects, with the general compliance requirements identified above for the year ended March 31, 2011.

This report is intended solely for the information and use of the Board, management and the State of Utah, Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Ernst + Young LLP

July 27, 2011

Ernst & Young LLP
Suite 400
178 South Rio Grande Street
Salt Lake City, UT 84101

Tel: +1 801 350 3300
Fax: +1 801 350 3456
www.ey.com

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

Utah Associated Municipal Power Systems

We have audited the financial statements of Utah Associated Municipal Power Systems as of and for the year ended March 31, 2011, and have issued our report thereon dated July 27, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal control over financial reporting

In planning and performing our audit, we considered Utah Associated Municipal Power Systems' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Utah Associated Municipal Power Systems' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Utah Associated Municipal Power Systems' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and other matters

As part of obtaining reasonable assurance about whether Utah Associated Municipal Power Systems' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board, management and the State of Utah, Office of the State Auditor, and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

July 27, 2011

Ernst & Young LLP

Assurance | Tax | Transactions | Advisory

APPENDIX E

FORM OF CONTINUING DISCLOSURE UNDERTAKING

FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER SECTION (b)(5) OF RULE 15c2-12

[TO BE DATED THE CLOSING DATE]

This Continuing Disclosure Undertaking (the *"Agreement"*) is executed and delivered by Utah Associated Municipal Power Systems (*"UAMPS"*) in connection with the issuance of its $__________ Payson Power Project Refunding Revenue Bonds, Series 2012 (the *"Bonds"*). The Bonds are being issued pursuant to a Trust Indenture dated as of October 1, 2002, as heretofore amended and supplemented (the *"Trust Indenture"*), and as further amended and supplemented by the Fourth Supplemental Trust Indenture dated as of April 1, 2012, each between Zions First National Bank (the *"Trustee"*) and UAMPS. The Trust Indenture, as supplemented by the Fourth Supplemental Indenture, is referred to herein as the *"Indenture."*

In consideration of the issuance of the Bonds by UAMPS and the purchase of such Bonds by the beneficial owners thereof, UAMPS covenants and agrees as follows:

1. PURPOSE OF THIS AGREEMENT. This Agreement is executed and delivered by UAMPS as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). UAMPS represents that it and the Major Participants (as defined below) are the only entities that constitute "obligated persons" within the meaning of the Rule (collectively, the *"Obligated Persons"*) at the time the Bonds are delivered to the Participating Underwriters. Other persons may become Obligated Persons with respect to the Bonds at any time after issuance of the Bonds if any such person satisfies the Objective Criteria set forth below.

2. DEFINITIONS. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

"Annual Financial Information" means the financial information and operating data relating to the Major Participants and any other Obligated Person, as described in *Exhibit I*.

"Annual Financial Information Disclosure" means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

"Audited Financial Statements" means the audited financial statements of UAMPS, the Major Participants and any other Obligated Person, prepared pursuant to the standards and as described in *Exhibit I*.

"Commission" means the Securities and Exchange Commission.

"Dissemination Agent" means any agent designated as such in writing by UAMPS and which has filed with UAMPS a written acceptance of such designation, and such agent's successors and assigns.

"EMMA" means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Major Participants" means, as of the date of this Agreement, the Cities of Springville, Kaysville, Lehi and Logan, and any other Participant with a Debt Service Share (as defined in the Power Sales Contracts) with respect to the Bonds that is greater than 10%.

"MSRB means the Municipal Securities Rulemaking Board.

"Objective Criteria" means a person or entity having payment responsibility in conjunction with the Payson Power Project (as defined in the Indenture) that is greater than or equal to ten percent (10%) of the annual debt service requirement of the Payson Power Project, as set forth in UAMPS' annual budget for any fiscal year.

"Participating Underwriter" means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

"Reportable Event" means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II*.

"Reportable Events Disclosure" means dissemination of a notice of a Reportable Event as set forth in Section 5.

"Rule" means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

"State" means the State of Utah.

"Undertaking" means the obligations of UAMPS pursuant to Sections 4 and 5.

3. CUSIP NUMBER/FINAL OFFICIAL STATEMENT. The CUSIP Numbers of the Bonds maturing in each of the following years are as follows:

MATURITY (APRIL 1)	PRINCIPAL AMOUNT	CUSIP (917328)

The Final Official Statement relating to the Bonds is dated March __, 2012 (the *"Final Official Statement"*). UAMPS will include the CUSIP Number in all disclosure described in Sections 4 and 5 of this Agreement.

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, UAMPS hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, UAMPS will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 8 of this Agreement, UAMPS hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. References to "material" in *Exhibit II* refer to materiality as it is interpreted under the Exchange Act. MSRB

Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Indenture.

6. CONSEQUENCES OF FAILURE OF UAMPS TO PROVIDE INFORMATION. UAMPS shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of UAMPS to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause UAMPS to comply with its obligations under this Agreement. The beneficial owners of 25% or more in principal amount of the Bonds outstanding may challenge the adequacy of the information provided under this Agreement and seek specific performance by court order to cause UAMPS to provide the information as required by this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Agreement in the event of any failure of UAMPS to comply with this Agreement shall be an action to compel performance.

7. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, UAMPS by resolution or ordinance authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a "no-action" letter issued by the Commission, a change in law, or a change in the identity, nature, or status of UAMPS, or type of business conducted; or

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined either by parties unaffiliated with UAMPS or any of the Obligated Persons (such as the Trustee), or by approving vote of Bondholders pursuant to the terms of the Indenture at the time of the amendment or waiver.

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, UAMPS shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

8. TERMINATION OR SUSPENSION OF UNDERTAKING. (a) The Undertaking of UAMPS shall be terminated hereunder if UAMPS shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Indenture. UAMPS shall give notice to EMMA in a timely manner if this Section is applicable.

(b) The Undertaking of UAMPS to provide Annual Financial Information and Audited Financial Statements on behalf of any other Obligated Person shall be (i) terminated hereunder if such Obligated Person shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Indenture, (ii) suspended during such period that such Obligated Person does not satisfy the Objective Criteria, or (iii) terminated if the Undertaking of UAMPS shall have been terminated pursuant to Section 8(a) above and another entity shall have agreed to perform the Undertaking of UAMPS to provide Annual Financial Information and Audited Financial Statements on behalf of all other Obligated Persons.

(c) UAMPS shall give notice to EMMA in a timely manner if this Section is applicable to any Obligated Person.

9. DISSEMINATION AGENT. UAMPS may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

10. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent UAMPS from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If UAMPS chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, UAMPS shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event. If UAMPS is changed, UAMPS shall disseminate such information to EMMA.

11. BENEFICIARIES. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of UAMPS, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

12. RECORDKEEPING. UAMPS shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

13. ASSIGNMENT. UAMPS shall not transfer its obligations under the Indenture unless the transferee agrees to assume all obligations of UAMPS under this Agreement or to execute an Undertaking under the Rule.

14. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS

By: ____________________________________

Manager of Finance
155 North 400 West, Suite 480
Salt Lake City, Utah 84103

EXHIBIT I
ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED
FINANCIAL STATEMENTS

"Annual Financial Information" means financial information and operating data relating to the Major Participants and any other Obligated Person, of the type contained in the Official Statement under the caption, "APPENDIX A — THE MAJOR PARTICIPANTS."

"Audited Financial Statements" means:

(i) with respect to UAMPS, UAMPS' audited financial statements for its most recent fiscal year, prepared in accordance with generally accepted accounting principles in the United States as promulgated to apply to governmental entities in the United States from time to time (or such other accounting principles as may be applicable to UAMPS in the future pursuant to applicable law);

(ii) with respect to the Major Participants, the audited financial statements of each of the Major Participants, including income statement, balance sheet and cash flow information regarding its electric utility enterprise fund, for its most recent fiscal year, prepared in accordance with generally accepted accounting principles in the United States as promulgated to apply to governmental entities in the United States from time to time (or such other accounting principles as may be applicable to each of the Major Participants in the future pursuant to applicable law); and

(iii) with respect to any other Obligated Person, the audited financial statements of such Obligated Person, including income statement, balance sheet and any cash flow information regarding such Obligated Person's electric utility enterprise fund for its most recent fiscal year, prepared in accordance with generally accepted accounting principles in the United States as promulgated to apply to governmental entities in the United States from time to time (or such other accounting principles as may be applicable to such Obligated Person in the future pursuant to applicable law).

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA; the Final Official Statement need not be available from the Commission. UAMPS shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA, by UAMPS on its own behalf and on behalf of all other Obligated Persons according to the following schedule:

ANNUAL FINANCIAL INFORMATION RELATING TO:	END OF FISCAL YEAR	DATE ANNUAL FINANCIAL INFORMATION IS TO BE PROVIDED BY UAMPS TO EMMA
UAMPS	Currently March 31	180 days after end of UAMPS fiscal year (currently March 31)
Major Participants	Currently June 30	220 days after end of the Major Participant's fiscal years (currently June 30)
Each other Obligated Person, if any	End of such Obligated Person's fiscal year	220 days after end of such Obligated Person's fiscal year

Audited Financial Statements as described above should be filed at the same time as the Annual Financial Information for each respective Obligated Person. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, if available. Audited Financial Statements will be submitted to EMMA within 30 days after availability to UAMPS.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, UAMPS will disseminate a notice of such change as required by Section 4.

EXHIBIT II
EVENTS WITH RESPECT TO THE BONDS
FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of UAMPS or a Major Participant*
13. The consummation of a merger, consolidation, or acquisition involving UAMPS or a Major Participant or the sale of all or substantially all of the assets of UAMPS or a Major Participant, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material

---

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for UAMPS in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of UAMPS, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of UAMPS.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX F

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED THE CLOSING DATE]

Re: $__________
Utah Associated Municipal Power Systems
Payson Power Project Refunding Revenue Bonds, Series 2012

Utah Associated Municipal Power Systems (*"UAMPS"*) has on this date issued its Payson Power Project Refunding Revenue Bonds, Series 2012 in the aggregate principal amount of $__________ (the *"Series 2012 Bonds"*), dated as of the date hereof, maturing on April 1 of each of the years and bearing interest as follows:

APRIL 1 OF THE YEAR	AMOUNT MATURING	INTEREST RATE

The Series 2012 Bonds are authorized to be issued pursuant to a Trust Indenture dated as of October 1, 2002, as heretofore amended and supplemented (the *"Master Indenture"*), including as amended and supplemented by a Fourth Supplemental Trust Indenture dated as of April 1, 2012 (the *"Fourth Supplemental Indenture"* and together with the Master Indenture, the *"Indenture"*), each between UAMPS and Zions First National Bank, as trustee (the *"Trustee"*). Reference is made to the Indenture for a description of the covenants and undertakings of UAMPS in connection with the Series 2012 Bonds and the pledge and assignment to the Trustee of the revenues, moneys, securities and funds held or set aside under the Indenture for the payment of the principal and redemption price of and interest on the Series 2012 Bonds.

Capitalized terms used and not otherwise defined herein have the meanings assigned to them in the Indenture, or if not in the Indenture, in the Official Statement dated March __, 2012 (the *"Official Statement"*) prepared in connection with the issuance of the Series 2012 Bonds.

In connection with the Payson Power Project (the *"Project"*), UAMPS has previously issued its $100,850,000 Payson Power Project Revenue Bonds, 2003 Series A (the *"Series 2003A Bonds"*) and its $2,751,000 Special Obligation Revenue Bonds, Series 2007 (the *"Series 2007 Bonds"*).

The Series 2012 Bonds are issued under the authority contained in the Utah Interlocal Cooperation Act, Title 11, Chapter 13, Utah Code Annotated 1953, as amended, and other applicable provisions of law (collectively, the *"Act"*) for the purpose of providing funds sufficient, together with other legally available moneys, to (i) advance refund the $77,960,000 outstanding principal amount of the Series 2003A Bonds (the *"Series 2003A Refunded Bonds"*), (ii) purchase and refinance the $1,781,000 outstanding principal amount of the Series 2007 Bonds (the *"Series 2007 Purchased Bonds"*) and (iii) pay all expenses properly incident thereto and to the issuance of the Series 2012 Bonds. The Series 2007 Purchased Bonds are to be purchased and canceled on the date hereof.

The Series 2012 Bonds are special obligations of UAMPS, payable solely from the Revenues, moneys, securities and funds pledged under the Indenture for the payment of the principal of and interest on the Series 2012 Bonds. No interest in the Project or other property or interest, except the pledge and assignment of the Revenues, moneys, securities and funds provided for in the Indenture, has been pledged or assigned to the Trustee as security for the Series 2012 Bonds.

UAMPS has previously entered into the Payson Power Project Power Sales Contracts (collectively, the *"Power Sales Contracts"*) with 16 of its Members (the *"Participants"*), pursuant to which UAMPS has sold all of the capacity and energy from the Project to the Participants in the amounts and upon the terms set forth in the Power Sales Contracts. Amounts received by the Participants under the Power Sales Contracts constitute the primary source of Revenues pledged pursuant to the Indenture for the payment of principal of and interest on the Series 2012 Bonds. Certain of the Participants have made capital contributions in respect of the initial Cost of Construction of the Project and, as a result, have a reduced present obligation under their respective Power Sales Contracts to make payments to UAMPS in respect of the principal of or interest on the Series 2012 Bonds.

In connection with the issuance of the Series 2012 Bonds, we have examined: (a) the Act and such other provisions of law as we deem relevant; (b) certified copies of the proceedings of record of UAMPS preliminary to and in connection with the issuance of the Series 2012 Bonds; (c) certified copies of the proceedings of record of the governing bodies of each of the Participants authorizing, among other things, the execution and delivery of the respective Power Sales Contracts; (d) executed counterparts of the Indenture and the Power Sales Contracts; (e) the form of the Series 2012 Bonds set forth in the Indenture; (f) the deposit of a portion of the proceeds of Series 2012 Bonds into that certain escrow account (the *"Escrow Account"*) under and pursuant to the Escrow Agreement dated as of April 1, 2012, between UAMPS and Zions First National Bank, as escrow agent thereunder, to provide for the refunding of Series 2003A Refunded Bonds; and (g) such other materials, showings and documents as we deem necessary for the purpose of this opinion. Based upon the foregoing, we are of the opinion that:

(1) UAMPS is duly created and validly existing under the Act and has lawful power, right and authority to acquire, own and operate the Project and to issue the Series 2012 Bonds;

(2) The proceedings of UAMPS referred to above show lawful authority for the issuance of the Series 2012 Bonds and the execution and delivery of the Fourth Supplemental Indenture and the Fourth Supplemental Indenture has been duly and lawfully adopted by UAMPS in accordance with the Master Indenture and is authorized thereunder;

(3) Each of the Power Sales Contracts has been duly authorized, executed and delivered by UAMPS and constitutes the valid and binding obligation of UAMPS enforceable in accordance with its respective terms;

(4) Each of the Power Sales Contracts has been duly authorized, executed and delivered by the respective Participant and constitutes the valid and binding obligation of the Participant, enforceable in accordance with its terms;

(5) The Indenture has been duly authorized, executed and delivered by UAMPS and constitutes the legal, valid and binding obligation of UAMPS, enforceable in accordance with its terms;

(6) The Indenture creates the valid pledge which it purports to create of the Revenues, moneys, securities and funds held or set aside under the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture;

(7) The Series 2012 Bonds are valid and binding special obligations of UAMPS, enforceable in accordance with their terms and the terms of the Indenture, and the Series 2012 Bonds are entitled to the benefits of the Indenture and the Act. The Series 2012 Bonds have been duly and validly authorized and issued by UAMPS in accordance with the Act and the Indenture. Neither the faith and credit nor the taxing power of the State of Utah or any political subdivision thereof, the Participants or any other member of UAMPS, is pledged to the payment of the principal or redemption price of, or interest on, the Series 2012 Bonds;

(8) The Series 2003A Refunded Bonds are deemed to have been paid within the meaning and with the effect expressed in the Indenture and are therefore not outstanding for purposes of the Indenture and are not entitled to any lien, benefit or security thereunder;

(9) All actions, conditions and things required by the Constitution and laws of the State of Utah to happen, exist and be performed precedent to the sale and issuance of the Series 2012 Bonds have been complied with;

(10) Subject to compliance by UAMPS and the Participants with certain covenants, under present law, interest on the Series 2012 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause interest on the Series 2012 Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2012 Bonds. Ownership of the Series 2012 Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Series 2012 Bonds. In rendering our opinion on tax exemption, we have relied on the mathematical computation of the yield on the Series 2012 Bonds and the yield on certain investments in the Escrow Account by Grant Thornton LLP, Certified Public Accountants; and

(11) Under the existing laws of the State of Utah, as presently enacted and construed, interest on the Series 2012 Bonds is exempt from taxes imposed by the Utah Individual Income Tax. No opinion is expressed with respect to any other taxes imposed by the State of Utah or any political subdivision thereof. Ownership of the Series 2012 Bonds may result in other state and local tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Series 2012 Bonds.

Enforceability of the Series 2012 Bonds, the Indenture and the Power Sales Contracts may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies are sought. The respective obligations of UAMPS and the Participants under the Series 2012 Bonds, the Indenture and the Power Sales Contracts are subject to the exercise in the future by the State of Utah and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of America of the power delegated to it by the federal constitution.

We further certify that we have examined the form of Bond prescribed by the Indenture and find the same in due form of law.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Series 2012 Bonds.

In rendering this opinion, we have relied upon certifications of UAMPS and each of the Participants with respect to certain material facts solely within the knowledge of UAMPS and the Participants relating to the application of the proceeds of the Series 2012 Bonds and the use of the Project. Certain matters have been passed on for the Participants by their respective counsels, to which opinions reference is hereby made. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result.

This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

Utah Associated Municipal Power Systems

MIX
From responsible sources
FSC™ C017146
www.fsc.org

Printed by: ImageMaster
www.ImageMaster.com