



Arkansas River Power Authority
2018 Revised Budget
Adopted December 7, 2017
Resolution No. 07-17

P O Box 70
3409 South Main
Lamar, CO 81052

The governing body of the Arkansas River Power Authority (ARPA) is a Board of Directors in which all legislative power of the Authority is vested. Each Municipality appoints 2 representatives to the ARPA Board of Directors.

The ARPA Board of Directors is as follows:

Holly:

Johnnie Lyons
David Willhite

La Junta:

Gary Cranson
P. Lorenz Sutherland

Lamar:

Houssin Hourieh
John Sutherland

Las Animas:

Ron Clodfelter
Rick Stwalley

Springfield:

Darwin Hansen
Roman Horn

Trinidad:

Robert Fabec
Michelle Miles

ARPA Staff:

Rick Rigel, General Manager
Arvenia Morris, Office Manager
Aarin Ritter, Manager of Finance and Accounting

2018 Budget

Arkansas River Power Authority
Condensed Operating Budget For 2018

	<u>2016 Actual</u>	<u>2017 Budget</u>	<u>2017 Projected YE</u>	<u>2018 Budget</u>
	(\$)	(\$)	(\$)	(\$)
Total Revenues	33,324,710	32,675,329	31,658,300	32,616,370
Operating Expenses				
Power Supply	14,060,725	13,257,526	13,266,207	13,292,490
Transmission	2,093,424	2,439,870	2,750,584	2,962,758
Administrative & General	2,710,196	3,153,945	1,650,199	2,779,277
Total Operating Expenses	18,864,345	18,851,341	17,666,990	19,034,525
Net Operating Income	14,460,365	13,823,988	13,991,310	13,581,846
Interest Expenses	8,046,383	7,930,440	7,929,621	7,551,748
Depreciation/Amortization	267,878	268,426	267,968	268,426
Total	8,314,261	8,198,866	8,197,589	7,820,174
Net Income	6,146,104	5,625,122	5,793,721	5,761,672
Non Operating Expenses				
Return of Reserves	(2,556,241)	(2,555,976)	(2,555,855)	(2,493,561)
Depreciation/Amortization	267,878	268,426	267,968	268,426
Amortization Income	(256,431)	(256,431)	(256,431)	(256,431)
Principal Payments	(2,150,000)	(2,292,495)	(2,260,000)	(2,422,494)
Capital Purchases	-	(415,000)	(207,500)	(415,000)
Total Non Operating Expenses	(4,694,793)	(5,251,476)	(5,011,818)	(5,319,059)
Net Cash from Operations	1,451,310	373,647	781,903	442,612

2018 Budget

Arkansas River Power Authority						
Expenses for 2018 Budget						
	2016	2017	2017	2018	Difference	% of
	Actual	Budget	Projected YE	Budget	From Projected	Difference
	(\$)	(\$)	(\$)	(\$)	(\$)	(%)
Power Supply Costs						
LLP- LRP	954,875	484,560	429,432	634,556	205,124	32%
Emission Allowances	-	-	-	-	-	0%
O & M Expenses	2,920	13,500	5,386	13,500	8,114	60%
Fuel (Non-LRP)	5,664	14,400	20,882	14,400	(6,482)	-45%
WAPA LAP	3,179,211	2,818,726	2,880,958	2,424,229	(456,729)	-19%
WAPA CRSP	234,050	236,288	238,990	236,288	(2,702)	-1%
ARPA Wind	88,442	83,523	84,558	85,114	556	1%
Lamar Wind	646,726	641,187	646,822	641,187	(5,635)	-1%
Purchased Power	8,948,838	8,965,342	8,959,180	9,243,216	284,037	3%
Scheduling Service	-	-	-	-	-	0%
Spinning Reserve	-	-	-	-	-	0%
Total Power Supply Costs	14,060,725	13,257,526	13,266,207	13,292,490	26,283	0%
Transmission Costs						
Tri-State G & T	1,672,954	1,803,734	1,980,191	2,104,747	124,556	6%
SECPA	30,034	41,772	31,723	42,136	10,413	25%
San Isabel	181,664	232,358	235,760	231,860	(3,900)	-2%
Lamar Light & Power	38,976	36,517	37,128	37,725	597	2%
Black Hills	169,713	183,619	165,022	183,640	18,617	10%
OATT Transmission	-	82,650	13,775	82,650	68,875	83%
Ancillary Services- Xcel	83	59,220	286,985	280,000	(6,985)	-2%
Total Transmission Costs	2,093,424	2,439,870	2,750,584	2,962,758	212,174	7%
Administrative & General Expenses						
Dues & Subscription	20,787	24,559	27,202	30,846	3,644	12%
City of Lamar Settlement	-	-	29,167	600,000	570,833	95%
Employee Expenses	331,109	368,222	361,781	382,457	20,676	5%
Insurance Expenses	36,091	38,068	40,124	38,068	(2,056)	-5%
Lease Exp - LRP City Land	2,789	2,817	2,817	1,000	(1,817)	-182%
Lease Exp - Willow Creek Line	2,280	2,349	2,349	2,419	70	3%
Members Services	7,919	8,800	11,873	8,800	(3,073)	-35%
Office Expenses	32,902	28,700	32,158	26,687	(5,471)	-20%
Professional & Outside Svcs	1,946,564	1,142,900	1,100,749	651,200	(449,549)	-69%
LRP Engineer and Contractor	295,633	1,500,000	14,571	1,000,000	985,429	0%
Safety Program	12,295	12,530	6,155	12,800	6,645	52%
Travel, Meals & lodging	21,827	25,000	21,254	25,000	3,746	15%
Total A & G Expenses	2,710,196	3,153,945	1,650,199	2,779,277	1,129,078	41%
Total Operating Expenses	18,864,345	18,851,341	17,666,990	19,034,525	1,367,535	7%
Interest Expenses	8,046,383	7,930,440	7,929,621	7,551,748	(377,873)	-5%
Depreciation/Amortization	267,878	268,426	267,968	268,426	458	0%
Total Expenses	27,178,607	27,050,207	25,864,579	26,854,699	990,120	4%
Capital Outlays						
Willow Creek T-Line	-	-	-	-	-	0%
Misc. Capital Exp.	-	162,500	-	165,000	165,000	100%
LRP Contingency	-	292,000	250,000	250,000	-	0%
Total Capital Outlays	-	454,500	250,000	415,000	165,000	40%
Total Expenses (Incl. Capital)	27,178,607	27,504,707	26,114,579	27,269,699	1,155,120	4%

Arkansas River Power Authority															
2018 Budget Recap															
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	2018	2017	2017
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	Budget	Projected	Budget
													(\$)	(\$)	(\$)
Power Supply Costs															
LLP- LRP	151,972	151,972	151,972	151,972	13,333	13,333	-	-	-	-	-	-	634,556	429,432	484,560
Emission Allowances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
O & M Expenses	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	13,500	5,386	13,500
Fuel (Non-LRP)	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	14,400	20,882	14,400
WAPA LAP	180,811	162,031	168,456	215,833	220,569	236,132	265,903	236,132	204,330	175,375	175,375	183,282	2,424,229	2,880,958	2,818,726
WAPA CRSP	21,927	20,772	21,236	16,716	17,104	18,152	19,360	18,701	17,383	21,107	21,488	22,342	236,288	238,990	236,288
ARPA Wind	7,359	7,069	7,069	7,069	7,069	7,069	7,069	7,069	7,069	7,069	7,069	7,069	85,114	84,558	83,523
Lamar Wind	54,044	54,138	52,316	54,029	53,449	56,181	52,239	53,314	52,066	52,532	53,401	53,478	641,187	646,822	641,187
Purchased Power	769,569	729,114	768,235	607,517	634,138	857,563	900,606	961,431	847,469	692,661	683,823	791,090	9,243,216	8,959,180	8,965,342
Scheduling Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Spinning Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Power Supply Costs	1,188,007	1,127,421	1,171,609	1,055,461	947,987	1,190,755	1,247,502	1,278,972	1,130,642	951,069	943,481	1,059,586	13,292,490	13,266,207	13,257,526
Transmission Costs															
Tri-State G & T	168,145	168,659	168,491	169,157	169,867	184,718	184,718	184,718	184,718	173,852	173,852	173,852	2,104,747	1,980,191	1,803,734
SECPA	3,515	3,162	3,148	2,978	3,521	4,297	4,475	3,700	3,469	3,067	3,171	3,633	42,136	31,723	41,772
San Isabel	21,365	18,861	19,390	17,875	16,725	19,753	20,778	19,300	17,988	18,364	19,369	22,092	231,860	235,760	232,358
Lamar Light & Power	2,208	2,242	2,307	2,406	2,733	4,515	5,043	5,010	4,153	2,505	2,208	2,395	37,725	37,128	36,517
Black Hills	12,992	12,464	11,667	10,975	13,804	20,880	21,941	21,083	19,480	12,463	12,862	13,028	183,640	165,022	183,619
OATT	6,888	6,888	6,888	6,888	6,888	6,888	6,888	6,888	6,888	6,888	6,888	6,888	82,650	13,775	82,650
Ancillary Services- Xcel	23,333	23,333	23,334	23,333	23,333	23,334	23,333	23,333	23,334	23,333	23,333	23,334	280,000	286,985	59,220
Total Transmission Costs	238,446	235,609	235,224	233,611	236,871	264,385	267,175	264,032	260,030	240,471	241,683	245,222	2,962,758	2,750,584	2,439,870
Administrative & General Expenses															
Dues & Subscription	8,094	341	384	12,711	831	535	1,845	465	3,165	1,845	265	365	30,846	27,202	24,559
City of Lamar Settlement	29,167	29,167	29,167	29,167	279,167	29,167	29,167	29,167	29,167	29,167	29,167	29,167	600,000	29,167	-
Employee Expenses	31,838	31,838	31,838	31,838	31,838	31,838	31,838	31,838	31,838	31,838	32,039	32,036	382,457	361,781	368,222
Insurance Expenses	3,172	3,172	3,172	3,172	3,172	3,172	3,172	3,172	3,172	3,172	3,172	3,172	38,068	40,124	38,068
Lease Exp - LRP City Land	1,000	-	-	-	-	-	-	-	-	-	-	-	1,000	2,817	2,817
Lease Exp - Willow Creek	2,419	-	-	-	-	-	-	-	-	-	-	-	2,419	2,349	2,349
Members Services	1,400	1,400	400	400	400	400	400	400	1,400	1,400	400	400	8,800	11,873	8,800
Office Expenses	1,807	1,807	1,807	1,808	1,807	1,807	1,807	1,808	1,807	6,807	1,807	1,808	26,687	32,158	28,700
Professional & Outside Svcs	65,333	96,333	46,834	46,833	55,533	54,334	46,833	46,833	51,834	46,833	46,833	46,834	651,200	1,100,749	1,142,900
LRP Engineer and Contractor	250,000	250,000	250,000	250,000	-	-	-	-	-	-	-	-	1,000,000	14,571	1,500,000
Safety Program	-	-	-	-	-	-	-	-	-	12,800	-	-	12,800	6,155	12,530
Travel, Meals & Lodging	2,083	2,083	2,084	2,083	2,083	2,084	2,083	2,083	2,084	2,083	2,083	2,084	25,000	21,254	25,000
Total A & G Expenses	396,313	416,141	365,686	378,012	374,831	123,337	117,145	115,766	124,467	135,945	115,766	115,866	2,779,277	1,650,199	3,153,945
Total Operating Expenses	1,822,766	1,779,171	1,772,520	1,667,085	1,559,689	1,578,477	1,631,822	1,658,770	1,515,139	1,327,485	1,300,929	1,420,673	19,034,525	17,666,990	18,851,341
Interest Expenses	652,911	652,911	652,911	652,911	652,911	634,411	634,411	610,411	610,411	599,183	599,183	599,183	7,551,748	7,929,621	7,930,440
Depreciation/Amortization	22,369	22,369	22,369	22,369	22,369	22,369	22,369	22,369	22,369	22,369	22,369	22,367	268,426	267,968	268,426
Total Expenses	2,498,046	2,454,451	2,447,800	2,342,365	2,234,969	2,235,257	2,288,602	2,291,550	2,147,919	1,949,037	1,922,481	2,042,223	26,854,699	25,864,579	27,050,207

2018 Budget
December 7, 2017

Avg Composite Rate	\$ 0.10632	<u>kWh</u>	<u>Rate</u>	<u>Amount (\$)</u>	
		258,472,780	0.0935	\$24,167,205	Energy Rate
		543,742	5.49	\$2,985,144	Demand Rate
		258,472,780	0.00000	\$0	DSC Adder
		329,397	1	\$329,397	Reimb Transmission
				\$27,481,746	

Arkansas River Power Authority
Revenues for 2018 Budget

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	2018 Total	2017 Budget
Members	21,509,799	19,105,674	19,936,169	18,879,257	19,561,419	25,014,586	26,506,034	26,101,999	21,921,164	19,209,634	19,112,286	21,614,758	258,472,780	258,472,780
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Sales to Members	2,286,922	2,031,315	2,119,613	2,007,243	2,079,770	2,659,551	2,818,122	2,775,165	2,330,658	2,042,368	2,032,018	2,298,081	27,480,826	27,480,826
Lamar CRSP	27,603	25,727	26,480	20,556	21,186	22,888	24,850	23,779	21,639	26,271	26,890	28,277	296,146	296,146
Debt Service Adder	213,019	213,019	213,019	213,019	213,019	208,394	208,394	202,394	202,394	202,296	202,296	202,296	2,493,561	2,555,976
Off-system Sales	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Interest Income	11,542	8,513	2,245	7,082	11,753	3,369	13,136	7,317	2,245	7,082	11,753	3,369	89,407	85,950
Amortization	21,369	21,369	21,369	21,369	21,369	21,369	21,369	21,369	21,369	21,369	21,369	21,369	256,431	256,431
LRP Miscellaneous Income	500,000	500,000	500,000	500,000	-	-	-	-	-	-	-	-	2,000,000	2,000,000
Miscellaneous Income	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Total Revenues	3,060,455	2,799,944	2,882,727	2,769,269	2,347,098	2,915,572	3,085,871	3,030,024	2,578,306	2,299,387	2,294,326	2,553,392	32,616,370	32,675,329
	9.4%	8.6%	8.8%	8.5%	7.2%	8.9%	9.5%	9.3%	7.9%	7.0%	7.0%	7.8%	100.0%	100.0%

Arkansas River Power Authority Fund Balance

	12/31/2017	12/31/2018	Change
Cash & Cash Equivalents, Unrestricted	\$ 6,364,027	\$ 6,806,639	\$ 442,612
Cash & Cash Equivalents, Restricted	14,787,905	14,877,312	89,407
Total Cash & Cash Equivalents	\$ 21,151,933	\$ 21,683,951	\$ 532,019

	Projected 12/31/2017	Projected Changes in 2018	Projected 12/31/2018
Restricted Funds			
DS Reserve (LRP Bonds)	\$ 11,778,859	-	11,778,859
Surplus DS Reserve (Interest Earned)	-	89,407	89,407
Bond Payment Fund	2,471,324	-	2,471,324
Capacity Fund	-	-	-
Working Capital Fund	-	-	-
Reserve Fund (2003 Bonds)	-	-	-
2010 Project Fund	537,722	-	537,722
Transmission Maintenance	-	-	-
	\$ 14,787,905	89,407	14,877,312

RESOLUTION No. 07 -17

WHEREAS, the Arkansas River Power Authority (ARPA) was created and organized as a political subdivision of the State of Colorado; and

WHEREAS, it is necessary that the Board of Directors adopt a budget for the year 2018; and

WHEREAS, following advance published notice in accordance with Colorado law, a hearing was held on the proposed 2018 budget at a regular meeting of the Board of Directors on December 7, 2017, at which meeting a quorum of the Board was present; and

WHEREAS, the Board is now appropriately advised and desires to take action on the proposed budget dated December 7, 2017

BE IT RESOLVED By The Board of Directors of the Arkansas River Power Authority (ARPA) that:


(1) Title

This Resolution shall govern the expenditure of funds by general purpose and amount for the calendar year 2018 commencing January 1 and ending December 31, and may be cited as "ARPA Budget and Appropriation Resolution of 2018".

(2)

The 2018 Budget presented to the Board on December 7, 2017, is hereby approved and there is budgeted and appropriated from revenues, assessments and other funds available to ARPA, the sum of Twenty-six million, eight hundred fifty-four thousand, six hundred ninety-nine (\$26,854,699) dollars or so much thereof as the General Manager shall find necessary or desirable to expend to conduct the activities of ARPA, in accordance with the budget herein adopted and the ARPA Fiscal Resolution as it currently exists or as it may subsequently be amended.

Dated this 7th day of December, 2017.


David R. Willhite
President
Board of Directors
Arkansas River Power Authority

SEAL

ATTEST:


Arvenia L. Morris
Secretary